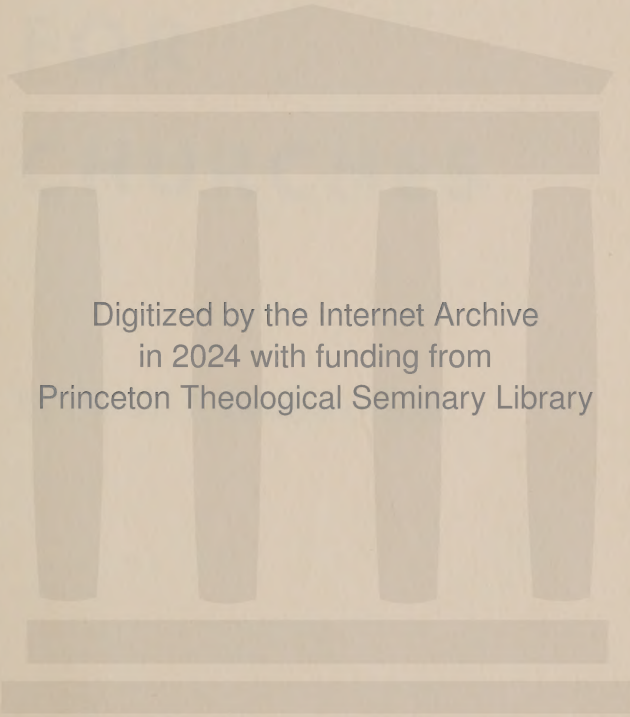




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BUSINESS HANDBOOK FOR CHURCHES

By Harold F. Linamen, Ed.D.

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Foreword

Dr. Linamen has made a valuable contribution to ministers and other church leaders in this volume. With his rich background of training and experience in business administration and in teaching students of theology, as well as his interest in and close affiliation with his own church group, Dr. Linamen was well qualified to bring together this noteworthy compilation of information to today's church.

Today's church is the center of many activities. Although it continues its centuries old role of ministering to the spiritual needs of mankind, it has assumed responsibility for many educational, civic, and recreational projects. The expansion of responsibility has paralleled the tremendous increase in the percentage of persons who are affiliated with a church group. Well over 60 per cent of all persons in the United States, for example, are reported to be affiliated with some religious group. To provide adequately for increased memberships, the minister and his staff have become involved with business-related activities.

It is the business phase of the church's work that has been carefully studied by Dr. Linamen. Through a questionnaire which he sent to ministers in various parts of the country, he was able to determine the business activities in which ministers and their congregations engage and to find for which of these activities they would like additional information. With these data, he selected the topics to be included in this book.

The book opens with a very adequate treatment of how the church should be organized in order to operate effectively as a business unit. A chapter is given to a discussion of business meetings. Help is provided not only for the preparation that is prerequisite to a successful meeting but also for the carrying out of plans during the meeting itself. The role of

FOREWORD

the pastor as he deals with his personnel is clearly described by Dr. Linamen. The emphasis throughout the discussion is on the kind of co-operation and rapport that will culminate in achievement of the church's objectives.

Both the minister and the lay leader will find much valuable material in the chapters that deal with the problems and decisions that are associated with insurance, banking, investments, retirement, real estate, building and remodeling, financial campaigns, church bookkeeping, equipment and supplies, the church budget, correspondence and filing, and maintaining the church property. These topics are presented with full awareness of the special problems and needs of the minister as he works in his own church.

In later chapters, Dr. Linamen gives attention to the problems of public relations, legal matters that often beset the church, the minister, and his church people.

Dr. Linamen has written his material in nontechnical language and in a highly readable style. The minister will find here concrete illustrations that provide ideas for him as he attempts to handle the business situations that arise. At the same time, the minister can derive from this book a very distinct overview of the scope of the task of handling the business affairs for his church.

Any church, irrespective of its size or the range of its program, will find this volume a valuable addition to its library. The book will aid in handling the business phase of the church program smoothly and with minimum effort. Ministers will thereby be relieved to spend more time in the creative guidance of the religious life of the members of their congregations.

—Mary Ellen Oliverio, Ph.D.
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Chapter 1

Organizing the Church for Business

Take any function of the church or its minister. Take the pastor's hospital calls. Take a Sunday morning service of worship. Take the reaching of unchurched people in the community. Take any such function and no matter what it is, somewhere connected with it are some "business" procedures. To function effectively on behalf of Christ, its own constituents, and the community, the church finds itself involved with many business activities.

Anyone who evaluates carefully the nature of the business functions performed on behalf of the local church soon becomes convinced of their importance to the success of the entire program. With this conviction comes an awareness that local church leaders should endeavor to conduct these business activities in the most effective manner possible. The framework on which all of this must be hung is, first, an understanding of the mission of the church itself and then an effective basic organization for the conducting of the business of the church. At this last point we begin in this chapter.

INCORPORATING THE CHURCH

From the standpoint of the State, a local congregation is either a society, a voluntary association of church members, or an incorporated body, a legal entity. This point of view has a number of important implications, which should be carefully considered by any group meeting together as a church.

A Society

A society has no legal position in most states. Consequently, it is unable to hold real estate, enter into contracts, or sue

in its own name. In order for a society to own real estate, for instance, it is necessary for it to work through trustees, who hold the property in their names. Also, individual members or trustees may be considered liable in some states for unpaid bills or damages resulting from the negligence of the society's employees.

An Incorporated Congregation

An incorporated congregation is a legal entity, a being separate from the individuals who constitute its membership. As such, it is entitled to all the rights of an individual. It can hold any kind of property, including real estate, and go to court in its own name. It would seem that the advantages associated with incorporation outweigh the disadvantages.

Advantages of incorporation.—An incorporated church has, in addition to attaining legal status, several distinct characteristics of note. First, individual members are not responsible for any of the acts of the corporation. They are not liable for debts or damages caused by negligence on the part of the employees of the church.

Second, the trustees, elected to office by the congregation, are not individually liable for debts or judgments against the corporation unless they have exceeded their authority in incurring liabilities or engaging in contracts. The nature of such authority is defined and limited in state statutes and in the bylaws of the church.

Third, once a church has been incorporated it is not possible for another church in the same state to receive a charter employing an identical name.

Fourth, the incorporated church has continued life. It does not cease to exist upon the death of its incorporators. This is of some value in engaging in transactions requiring long periods of time for their completion, such as floating bonds to build a new edifice.

Procedure.—The procedure required to incorporate a church is not particularly complex. One may either write to the Secretary of State at the state capital and ask for material explaining the formation of such organizations or consult an attorney concerning the appropriate procedure.

Although it may not be necessary to engage the services of an attorney in completing the process, it might be advan-

tageous to do so in many instances. It might not be a requisite, for example, to incorporate the church in order to attain the desired benefits, for religious congregations legally possess the essential qualities of a corporation in a few states. This can be determined for a particular state by consulting a competent attorney.

Then, too, an attorney is familiar with the required forms and procedure. He can help an inexperienced minister or layman to avoid the loss of wasted time and effort in completing the incorporating process. If competent legal counsel is employed, there is less chance that later complications will arise because incomplete minutes were prepared or a part of the procedure omitted. In general, the available advice and service from an attorney far surpass the required cost.

The total cost of incorporation is relatively small. Normally, the charge should not be much in excess of \$25.00, including the fees of the attorney, recorder, and Secretary of State.

PREPARING BYLAWS

Bylaws are the regulations enacted by an organization to guide it in meetings and internal operation. They make provisions for such items as: (1) the name of the organization, (2) the nature of membership, (3) the conditions for the election of officers and trustees, and (4) the quorum. A leader will have fewer problems if he understands and follows their directions.

All bylaws must, of course, conform to the laws of the state and the authority granted in the articles of incorporation.

Procedures for Creating Bylaws

If the articles of incorporation, or the charter granted by the state, or the organizational structure of the general church body make no provision for the creation of the bylaws, then the authority for their development is vested in the congregation. As a result, the first step in preparing a set of bylaws is to secure the expressed approval of the congregation. A suggested procedure is to ask the congregation to provide for the appointment of a committee to study bylaws and to report its recommendations.

The bylaws committee should be composed of individuals who know the will of the congregation and are well acquainted

with the background of the parent church and, if possible, an attorney should be included. Ordinarily the members of such a committee would not have had experience in the construction of church bylaws. A starting point, therefore, would be to secure a number of sample bylaws from neighboring congregations of comparable size that are under competent leadership. If adequate material is not available on the local scene, the committee should write to an appropriate national or state church agency for its recommendations. After carefully studying several sets of bylaws, the committee is in a better position to construct a set of bylaws which are adapted to the needs of the local congregation.

The committee might want to have an attorney inspect the bylaws for several reasons. First, the attorney could determine whether or not they conform with state laws and with the articles of incorporation. This is rather important, for any bylaw which is outside of the authority granted by the two sources indicated above is illegal and not enforceable.

Second, because of the nature of membership in some religious bodies, it is difficult in the case of legal proceedings to determine who is a member in good standing. As a result, it might be necessary in some cases to seek legal counsel in framing a definition of membership and designating who has the privilege to vote.

It has been suggested that three classes of persons should be excluded from voting in the business meeting. (1) Those who are not members of the church should not vote in the business meeting. They are irresponsible as far as bearing the responsibilities of the church is concerned. (2) Young children who are members of the church but because of youth are incompetent to decide the business policies of the church. Several of such might be influenced by a minority of the adults to vote with them and thus put an unwelcome burden on the majority of the responsible members. (3) Those lately come into the congregation are not familiar enough with the circumstances of the church to vote intelligently on many questions. Such persons are very often transient and those who are members of the congregation for but a little while should not be permitted to help decide what burdens the more permanent members should bear.

If a problem develops which must be handled through legal

recourse, the courts will decide the issue on the basis of the charter and bylaws and not according to the beliefs of the church and the Bible.

Third, inasmuch as some religious bodies do not have an established procedure for the placing of ministers, it becomes necessary for the local congregation to take steps to call, to continue in office, or to remove the pastor from office. An attorney might aid in framing this portion of the bylaws so that the procedure would be more definite and free of as much personal embarrassment as possible.

Fourth, it is possible that the guidance of a competent attorney might lessen the need for later revisions and amendments. As stated earlier, the bylaws are intended for guidance purposes; consequently, they should be relatively stable. They should not be changed upon the whim of each new leader who takes office.

When the committee is satisfied with its draft of the bylaws, it is ready to report back to the congregation. A suggested procedure is to mail printed, or duplicated, copies of the bylaws to each member of the congregation at least two weeks prior to the meeting in which the members will be expected to act on the committee's recommendations. This measure provides adequate time for individual study in advance. Then during the meeting called for the purpose of considering the bylaws, questions can be asked and suggested changes can be brought before the congregation.

When the bylaws are being considered, each article should be read separately. The first article is read, and the chairman asks whether there are suggested changes or amendments. If no change is to be made, the next article is read, and the same procedure is followed until all of the bylaws have been covered. Then the original bylaws, or amended bylaws, are acted upon as a whole. Acceptance of bylaws probably should be by at least a two-thirds majority of the members present, for the bylaws should not be put into use until they clearly meet with the approval of the congregation.

A set of bylaws should not be filed away and forgotten once they are accepted. There are ways to bring them to the attention of members from time to time. One of the bylaws might be published in the church bulletin each Sunday, for example, along with a brief explanation. A copy should be

given to new members, or others who have lost their copies, prior to any business meeting. Periodically a study course should be presented for leaders and workers.

Content of Bylaws

The items included in the bylaws will vary with the needs of the local congregation. In general, however, they should include: (1) the name of the church; (2) who has voting privileges; (3) the time and place of meetings; (4) what shall constitute a quorum; (5) the officers and the procedure for their election; (6) tenure of office; (7) election or appointment of boards and committees; (8) the functions, duties, privileges, and responsibilities of officers, boards, and committees; (9) the giving of annual or semiannual reports to the church by the chairman of each board or committee; (10) the holding of property; (11) the receiving, handling, and disbursement of funds, and (12) how to make amendments. These items are usually considered in a series of articles, which may be subdivided into sections.

GUIDES TO ORGANIZATION

Several guiding principles should be carefully noted by ministers and lay leaders in connection with the internal organization of a church. First, the persons most qualified to guide the spiritual affairs of the congregation may not be those best suited to manage the business activities. A potential candidate for a position must have in addition to his Christian dedication certain other abilities which qualify him to serve. These should be recognized in establishing qualifications and duties for each office.

Second, the provisions governing tenure of office have important implications concerning the character of the organization. One helpful practice is to provide for a term of three years with one third of the offices being filled each year. This provides for continuity and a measure of stability.

Another practice employed in a number of churches is to rule that an individual cannot succeed himself in an office. He must have been out of office for one year in order to be eligible for re-election. This procedure has several interesting aspects. (1) It tends to reduce the possibility that a particular clique will dominate the church by remaining in office year

after year. (2) It uses a larger number of the members of the congregation. (3) It affords an opportunity to discover people with hidden talent and to train for leadership. (4) It makes it easier to dispose of unqualified officers. Sometimes it is quite obvious and very embarrassing to all involved when all but one person is re-elected to office. The knowledge that one cannot be re-elected provides for a graceful exit.

Third, the method used to nominate candidates can have favorable or unfavorable effects. The members must be well aware of the qualifications required for each office in order to avoid unfortunate nominations from the floor. Also, care must be exercised so that elections are not maneuvered to favor certain people. Suspicious members quickly notice that Mr. Popular Hail-Fellow-Well-Met has been paired against Mr. Average Member. Occasionally, perhaps always, two capable and popular candidates should be paired together on the same ballot.

Fourth, the organization of the church should not be made to revolve around one office or person. A plan developed around a minister, for instance, ceases to operate when the minister leaves, or a plan dependent upon the qualifications of a minister with extraordinary abilities becomes ineffective when he is replaced by a minister with different talents.

Fifth, all officers must be elected in accordance with the provisions outlined in the bylaws. A failure to conduct meetings properly, including the election of officers, may result in a complete disintegration of the organization.

Board of Trustees

The number of people on the board of trustees or other official board can vary considerably. The size, however, should be large enough to reflect the mind of the people and to prevent a small group from dominating the business affairs of the church. It would seem that the minimum number needed to achieve these objectives would be seven. Even with this number it is possible for as few as four members to pass most motions. An uneven number is suggested in order to avoid a tie vote in case the board should be evenly divided on an issue. Another factor in determining the size of the board is that the group should be large enough to provide a

variety of experiences and background to facilitate the deliberative process.

The board of trustees is elected by the congregation and is responsible to it for its actions. The conditions for election and the term of office should be included in the bylaws of the church.

The board of trustees is entrusted with the business affairs of the church. Each member of the board should feel the responsibility of his position and prepare himself to serve. An irresponsible person has no place in a position which necessitates making decisions regarding the insurance program of the church, complying with fire and sanitation ordinances, meeting federal and state requirements in connection with reports and tax matters, maintaining public relations, and supervising the budget.

Perhaps a board could function more efficiently if the members knew more definitely what they were expected to do. It may become the pastor's responsibility to see that they are so informed. He should read several books related to the problem so that he will be better informed and be able to recommend books to his board members.

The board of trustees should elect a chairman and a secretary from among its members. It should meet regularly to transact the business of the church and complete minutes should be kept on file for each meeting. Minutes should indicate who were present so that responsibility can be placed in case a question arises as to those in attendance when a particular transaction was completed. If the state statute does not cover the situation, the church bylaws should contain a provision to the effect that a quorum of the trustees must be present and voting in order to constitute a proper meeting of the board.

If a member of the board exceeds his authority, he is individually liable for any damages that result. In order to avoid being held responsible for the payments of notes executed for the church, the individual signing the note should sign the name of the church and indicate clearly that he is signing as an agent for the church and not for himself.

Committees

Committees, in general, are of two types—standing and special. Standing committees are of a permanent nature, such as the budget committee, benevolence committee, and nominating committee. These committees operate on a continuing basis. The selection of the personnel and the duties of these committees should be specifically provided for in the bylaws.

Special committees are appointed when needed to complete a specific assignment or study a problem. At the time that such a committee is created, it should be informed explicitly what its duties are and when it shall cease to exist. When members are appointed to a committee which is to study a controversial problem, care should be exercised to insure that different points of view are represented. The committee should be rich enough in talent to provide the background and experience required to complete the assignment, but it must be small enough to work effectively as a unit. A special committee should not be appointed, however, unless the congregation has granted the authority.

A committee often can handle a problem that would be distasteful to an individual. It sometimes leaves a better impression to be able to say, "The committee found . . .," rather than, "Mr. Jones said that. . ."

Officers

The officers, their tenure, and their duties should be adequately covered in the bylaws.

Chairman.—It should be noted that the chairman, or president, of the congregation is not necessarily the same person as the chairman of the board of trustees. The pastor, by virtue of his position, is sometimes named in the bylaws as the chairman of the congregation. He is the spiritual leader and is often expected to play a prominent role in the annual meeting, even though the minister is not ordinarily responsible for the business affairs of the church. These matters are normally placed in the hands of the board of trustees. The minister usually is an ex-officio member of all boards and committees, including the board of trustees, but the extent to which he enters actively into the business program should depend upon the quality of leadership available among the

laity. A minister should not speak in a business meeting with the same prophetic tone, or authority, that he uses in the pulpit. There may be laymen present who are better informed and more qualified to render sound judgment than he.

The chairman is ordinarily expected to give proper notice of congregational meetings, to notify officers and committees to be ready to report on their activities, to preside at the meetings, to see that the secretary keeps adequate minutes, to appoint special committees, to sign documents, and to prepare reports.

Important proposals in the minister's program for the church should be thoughtfully prepared and presented at the psychological moment. A minister should not expect to get complete backing on needed action if the matter is made known to the congregation for the first time during a business meeting. The congregation deserves time to think about the matter. The minister should sound out the boards, committees, and key leaders in advance of the meeting. Perhaps he will learn that the time is not right for the proposed action.

Vice-Chairman.—The vice-chairman assumes the duties of the chairman in his absence. In some organizations he is assigned additional duties, such as chairman of one of the standing committees. The bylaws should specify whether or not he is to succeed to the office of chairman of the congregation in case that office becomes vacant.

Recording Secretary.—The recording secretary should be one who is reliable and possesses some writing ability. The duties of this office include recording minutes, keeping a permanent file of all records and reports, preparing an order of business for the business meeting, calling the meeting to order to elect a temporary chairman in case neither the chairman nor the vice-chairman is present, and carrying on correspondence.

Treasurer.—The treasurer should have had business experience if possible. He receives monies, makes disbursements, keeps records, and makes reports. The chapter on church bookkeeping discusses the duties of a treasurer.

Chapter 2

Business Meetings

Business meetings in some congregations are interesting events. This is especially true when the business of the church is conducted in a session which includes music, fellowship, and a dinner. On the other hand, the business meetings of other churches are often poorly attended. This can be expected, however, when members have to look back upon past meetings as haphazard sessions lasting for many hours. Because of these unhappy memories, members may seek excuses to remain at home instead of looking forward to an annual business meeting with anticipation as a time to learn of achievements and progress.

PREPARATION FOR THE MEETING

Giving Notice

The chairman of an organization should be well acquainted with the provisions outlined in the bylaws concerning meetings. For example, it is his responsibility to announce the meeting two weeks in advance of the designated time if the bylaws so indicate. If he fails to comply, the meeting is illegal and any action taken is void. The reasons for an advance notice are rather apparent. Better attendance can be expected if people are informed sufficiently in advance of the meeting so that they can make plans to be present. Then, too, if the time of the meeting is announced in advance, there is less opportunity for a small group to make plans or take action that would be against the will of the majority of the people.

The bylaws may indicate how notice should be given. Some ministers make the announcement from the pulpit, include it

in the Sunday bulletin or church paper, post it on the bulletin board, or mail it to the members.

Time of Meeting

A regular meeting must be held at the time indicated in the bylaws; otherwise, any action taken will be null and void. If the bylaws fail to set the time, meetings should be scheduled at regular intervals so that the members can plan accordingly. Obviously meetings should not usually be scheduled or called on Sunday evening after church. A business meeting cannot be effectively conducted when people are tired and anxious to get home. An appropriate plan for a regular meeting would be to meet on the first Monday of the month or quarter at eight o'clock in the evening. If Tuesday evening, for example, should be preferred by the majority of the people involved, the meeting plan should be so arranged.

Special Meetings

A special meeting may be called at any time provided that the call conforms with all requirements. Ordinarily the call should contain the place, time, and purpose of the meeting. Other matters may be discussed, but action can be taken only on the matters stated in the call. Even though this meeting may be brief in duration, the nature of the business transacted must be recorded in the minutes.

Agenda

A chairman should not approach the meeting without having made advance plans. He should know explicitly what needs to be done. The bylaws will determine in part the procedure to be followed, but he should have a carefully prepared agenda indicating step by step the order of business. He should have communicated with the secretary of the organization and the chairmen of the boards and committees in advance of the meeting so that all materials and reports will be available when needed. Most members appreciate having a copy of the agenda so that they can prepare for the meeting and follow the order of business.

ORDER OF BUSINESS

The bylaws usually provide for the order of business to insure greater efficiency on the part of the chairman. Although

the pattern is outlined, some flexibility in procedure should be allowed. It is the opinion of many that the order of business should not be allowed to hamper effective action. The order of business may be altered to permit immediate action on an important matter. A majority vote on the part of the members is usually all that is required. The nature of the meeting will determine what is on the agenda, but the order of business might include the following:

1. Call to order.—The chairman should begin the meeting promptly at the designated hour by tapping with a gavel and stating, "The meeting will please come to order."

2. Devotions.—The devotions may consist of prayer or whatever program that is customary for the congregation.

3. Roll call.—It is desirable to call the roll in small meetings to provide a record of those in attendance, but it is too time-consuming for large groups. The following steps might be taken in lieu of a roll call. The members present might be counted to determine whether there is a quorum in attendance and sheets of paper may be distributed on which the members are to sign their names. A quorum is the number required before an official meeting can be held. If the number is not stated in the bylaws, any number present would constitute a quorum. Omitting the quorum from the bylaws is not a safe practice, for it would enable a very few people attending a meeting to take important action which would be binding.

The names of the people who are considered to be members of the congregation might be posted sufficiently in advance of the meeting for general examination. Then, during the roll call the minister could ask all those present who consider themselves members of the congregation to stand. An opportunity would be given for anyone present to challenge the right of a particular person to vote. All unchallenged individuals and those who met the challenge successfully would be permitted to participate in the meeting.

4. Reading of the minutes.—The minutes of the previous meeting should be read by the secretary to give information concerning what action transpired and to give an opportunity for the members to suggest changes in the minutes as read. The minutes do not become official until after they have been read and approved.

The reading of the minutes may be omitted with the permission of the members if copies have been placed in their hands in advance of the meeting, or the reading of the minutes may be postponed until a future date by a majority vote.

5. Reports.—The chairman should call for reports from officers and chairmen of boards and committees in the order that these organizations appear in the bylaws. Reports from special committees would be called for last. These reports should be specific and informative. A report indicating merely that progress had been made has added little to the meeting.

Reports should be written. If they are lengthy, they should be duplicated and distributed prior to the meeting. Then, during the meeting a brief summary of the report should be given.

Reports should be either accepted, rejected, or referred to an appropriate body for whatever further action is required. A member other than the officer or chairman making the report should offer a motion suggesting the disposition of the report.

6. Unfinished business.—After the presentation of reports, the chairman might state, "Unfinished business is in order." All incomplete business, as reflected in the minutes of the last meeting, and any items previously deferred or postponed until this meeting would then be considered.

7. New business.—New business may originate in a number of ways, such as out of the recommendations made in the reports or by a motion made by one of the members. If matters have arisen which are unknown to the members, the chairman may disclose the information and ask, "What is your pleasure?"

8. Special items.—The election of officers may occur at this point or announcements might be made concerning future meetings, special events, or similar items. The chairman should have before him in written form the names of individuals who are to make announcements. These people should be called upon first, and then he should proceed with any announcements which he desires to make.

9. Adjournment.—The time and place of the next meeting should be set if provision has not been made for it elsewhere

before a motion for adjournment is received. The meeting is not considered adjourned until a motion has been made and carried, and the adjournment has been announced by the chairman.

INITIATING ACTION IN A MEETING

Making a Motion

Business is introduced before the members through the use of motions. The procedure, in general, is as follows: (1) The member who wishes to seek action rises to his feet, addresses the chairman, and waits to be recognized. (2) When the chairman has given him permission to speak by a nod of the head or calling his name, the member should proceed by stating, "I move that . . .," followed by a statement of the proposed action. For example, the member may say, "I move that the board of trustees be authorized to buy Lot No. 78." Motions offered in the form of "I so move," "I propose," or "I suggest," are not correct.

Seconding a Motion

If the proposed action is not endorsed by another member, the motion is lost for want of a second. Although it is not necessary in small groups to rise and address the chair, it is good form to gain recognition and state, "Mr. Chairman, I second the motion."

Debate on the Motion

When a motion has been properly moved and seconded, it is the duty of the chairman to state the motion without any change in its wording and put it before the assembly for discussion. For example, the chairman may state, "It has been moved and seconded that the board of trustees be authorized to buy Lot No. 78. Do I hear any discussion?"

The person who made the motion should have the privilege of being the first person to speak to the motion. Each person thereafter should state, "Mr. Chairman, I should like to speak in favor of the motion," or "Mr. Chairman, I should like to speak against the motion." No one should be allowed to have the floor a second time until every person who so desires has had an opportunity to speak to the question.

Ending Debate

The discussion usually continues until everyone is through talking or until someone asks for the question or moves the previous question. Asking for the question is an informal process. The chairman merely halts discussion and states, "The question has been requested. Are you ready to vote?" If the answer is no, discussion will continue. On the other hand, if a member addresses the chair and says, "Mr. Chairman, I move the previous question," it is the chairman's duty to indicate that the question had been requested and put the matter to a vote to see whether discussion shall continue. A vote of two thirds of the members is normally required to halt discussion. An adequate opportunity should be provided for all who desire to speak. The discussion, however, should be pertinent to the question and not directed toward personalities.

If the discussion ends on its own accord, the chairman asks, "Are you ready for the question?" Then he states the motion, as previously moved and seconded, and proceeds with the voting.

Voting

The manner in which the vote is taken will depend upon the nature of the business under consideration. The most common method is for the chairman to say, "All those in favor of the motion will please answer 'Aye,'" or, "All those opposed to the motion will please answer 'No.'" On a close vote the chairman may ask those in favor of the motion to stand, or raise their right hands, until a count has been taken. Then those opposed are asked to respond accordingly.

If a tie results, the chairman may elect either to vote to break the tie or to declare the motion lost because of the tie. The results of the vote is reported by the chairman. For example, he might state, "It has been voted that the board of trustees be authorized to buy Lot No. 78."

COMMON PROCEDURAL PROBLEMS

A few of the more common procedural problems will be briefly considered. Because of the Christian atmosphere which prevails in most church meetings, the pastor should

not need to become too deeply involved in parliamentary procedure.

Only One Motion at a Time

Only one question can be considered at a time. A motion made in the midst of the discussion of another question is out of order and should be so declared by the chairman.

Motions to Amend

The wording of a motion may be altered through an amendment. For example, a member might amend a motion by saying, "I move that the motion be amended to read that the Board of Trustees be authorized to buy Lot No. 78 provided that the loan now pending is approved by the bank." The amendment must be seconded in the same manner as the main motion.

If an amendment has been moved and seconded, action must be taken upon it before continuing with the main motion. If the amendment is successful, action is then taken on the main motion as amended. If the amendment is defeated, action continues on the motion as it was originally stated.

Elections

Care must be taken to adhere to the bylaws when conducting elections; otherwise, the action taken will be null and void.

Nominations.—The preferred practice is to provide for a nominating committee. The pastor is frequently included as an ex-officio member. This committee carefully considers the qualifications for each office and prepares a slate of officers. The committee should consult each person, explain the duties of the office, and urge him to accept the nomination. When it is time to conduct the election, the nominating committee places its recommendations before the assembly. The usual procedure is then to accept nominations from the floor. A nomination from the floor does not require a second.

A motion is not required to close nominations. The chairman waits to see whether additional nominations are going to be made. If none are forthcoming, he declares the nominations to be closed. If, however, a motion is made to close the nominations and seconded, it must be placed to a vote without

debate and requires a two-thirds vote to be successful. Closing the nominations does not prevent the election of a person who was not nominated provided that a sufficient number of people write his name on the ballot.

Ballots.—Most bylaws indicate that elections shall be by secret vote. The secretary should have the necessary ballots on hand for the election. Printed or duplicated ballots facilitate voting, but blank sheets of paper can be distributed when the other is considered to be too expensive. In case the ballots are not printed, it is recommended that the offices to be filled along with the names of the nominees be placed on a blackboard in plain view of the members. Instructions should be included on the ballot or announced by the chairman so that the voting procedure will be clear to all.

Tellers.—Two or more tellers, depending upon the size of the assembly, should be appointed by the chairman. They are responsible for distributing the ballots (checking to see that no person votes more than once and that only eligible people vote), collecting the ballots, counting the votes, and reporting the results. A person whose name appears upon the ballot should not be selected as a teller.

It is customary for tellers to work in pairs in counting ballots. One reads from the ballot while the other records the vote. Blank ballots are not considered. If two ballots are folded together, both are considered invalid. For this reason it is sometimes suggested that ballots be dropped in the basket face down and not folded. This practice also enables the votes to be counted more rapidly.

Reporting.—The results of the election are read to the assembly by the first teller named by the chairman. He then hands the report to the chairman who again reads the report and indicates who have been elected. If more than two candidates have been placed on the ballot for one office, the one with the highest number of votes is declared elected unless the bylaws provide otherwise. Election usually is by a simple majority in case only two names are presented.

The secretary receives both the report and the ballots. The results of the election are included in the minutes, and the ballots are retained for a reasonable length of time in case disputes later arise concerning the election.

MINUTES

It is the responsibility of the secretary to summarize the events which occur during the course of a meeting. This summary, officially referred to as minutes, serves as a reminder as to what took place and constitutes a historical record for future reference.

The secretary should take notes during the meeting as a basis for preparing the minutes, which should be written as soon after the meeting as can be arranged so that the events will still be vividly in mind. The minutes should be either typed or written in ink. It is suggested that wide margins be allowed to permit reference notes.

The importance of complete and accurate minutes cannot be emphasized too strongly. Many illustrations could be given to verify this point. For instance, the right to possession of property in a divided congregation was clarified in the courts on the basis of information contained in the minutes. The court may look to the minutes to determine whether such action was authorized by the congregation in the case of a dispute arising because an individual took action on a matter of business for the church. If the person was acting without authority, he can be held responsible, not the church. In some instances a bank will require a certified copy of the minutes in which the congregation authorized the borrowing of money.

Contents

The contents of minutes have been pretty well fixed by custom. The following items should be included.

1. Name of the organization.—Was it a meeting of the congregation? a board? a committee?

2. Nature of the meeting.—Was it a regular or special meeting?

3. Time and place of the meeting.—The complete date, including the hour of the day, should be given.

4. Name of the chairman.—Did the regular chairman preside over the meeting or did a substitute take his place?

5. Nature of the devotional service.—If the bylaws require a devotional period, the minutes should record whether such an event occurred. The nature of the service might be included.

6. Reading of minutes.—The records should indicate whether the minutes of the last meeting were read and approved or postponed until a future meeting. Minutes do not become official until they have been approved.

7. Business transacted.—The minutes should contain a record of the reports and motions. Oral reports can be summarized. The original copy of written reports should be filed as a part of the minutes.

The procedure for recording motions varies. Although it is not necessary to mention the names of the members who moved and seconded motions, some organizations prefer to have this information on record. However, the exact wording of the motion should be included and whether it was accepted or rejected. If the secretary is uncertain about the wording of a motion, he should ask that it be repeated or presented in writing rather than take a chance of getting it down incorrectly. It is not necessary to record any of the debate.

The results of elections are an essential part of the minutes. The details should be complete enough to indicate whether the bylaws have been followed.

If any committees are appointed or discharged, such action should be included.

8. Adjournment.—The time of adjournment is an appropriate part of the minutes.

9. Signature.—The minutes should be certified with the signature of the secretary and in some organizations the signature of the chairman.

10. Date of approval.—The fact that the minutes were approved should be recorded with the date that such action was taken.

ROLE OF THE CHAIRMAN

It is the responsibility of the chairman to guide the group by announcing what is to be considered as the meeting moves through the order of business. As presiding officer, the chairman does not dominate the meeting. He uses parliamentary rules to promote efficient operation, but he does not allow them to get in the way of valid democratic action.

The chairman should serve in an impersonal way. For instance, he should refer to himself as "the chair" rather than "I." The chairman should not state his opinions nor attempt

to sway the opinions of others. If he feels impelled to enter into the debate, he should request the vice-chairman to take his place and not return until the issue has been decided. However, if the chairman keeps silent, very often another person will say what he had in mind anyway. If the chairman encourages participation, the group can usually be trusted to debate the issues adequately. The chairman should not preside when matters concerning himself are before the assembly.

Action on important matters should be deferred if only a slight majority is present in the meeting or if it appears that the action will be carried by a very slim margin. In either of these cases the will of the assembly might not have found expression. The minority position might be strong enough to justify further thought and study to foster a meeting of the minds. Hasty action should not be secured at the expense of harmony.

It is the duty of the chairman to see that every point of view is given an opportunity for expression. He listens to all but follows the will of the majority.

The chairman should avoid the wasting of time during a meeting. He should know that the arranging of details can usually be accomplished more efficiently by several individuals. He should be able to sense when the group is not ready for action on an item of business and when a matter should be turned over to a committee for further study.

ROLE OF THE SECRETARY

The success of a business meeting depends more upon the efficient functioning of the secretary than is generally recognized. The secretary serves somewhat in the capacity of an assistant to the chairman. Although not all of the following activities are performed by many secretaries, they normally should be considered his responsibility.

1. Preparing an agenda or order of business.—The secretary has in his possession the record of previous meetings and correspondence so is in a position to perform this function.

2. Calling the meeting to order in the absence of the chairman.—If the chairman or vice-chairman is not present, it is the responsibility of the secretary to call the meeting to order and preside until a chairman has been elected.

3. Recording the minutes.—The secretary prepares the minutes, submits them to the assembly for approval, and keeps them in his possession for safekeeping.

4. Keeping a record of membership.—The secretary should prepare a list of the members of the assembly in accordance with the provisions in the bylaws.

5. Informing committees of their appointment.—The chairman of a committee should be given a list of the members of his committee along with any instructions pertaining to his responsibilities.

6. Assisting in elections.—Among other things, the secretary should prepare the ballots, record the results, and notify officers concerning their election.

Chapter 3

The Pastor and the Personnel of the Church

The pastor is generally recognized as the leader of the local congregation. His views on spiritual matters are considered with great respect because of his high calling. He is very frequently the official chairman of the congregation in annual meetings and an ex-officio member of all boards and committees by virtue of his office.

THE PASTOR AND THE BOARD OF TRUSTEES

Aiding in the Selection of Board Members

The pastor of a congregation might be compared in some respects to the President of the United States. Like the President, he studies the needs of the people and develops a program which, he feels, is the action demanded by the situation. He must have moral and financial support to put that plan into operation. Because of the importance of the program, there are times when the pastor feels that certain key people must be placed on the board of trustees. What should be the pastor's role in a situation similar to this?

First, let us review briefly the nature of the board of trustees. The members of the board are the elected representatives of the congregation in matters pertaining to the financial and business affairs of the church. They are responsible to the congregation, not to the pastor. This should not discourage the pastor, however, but he should remember that the board of trustees and the congregation are working with him.

The pastor is limited in the extent to which he can go in requesting the selection of certain individuals. As an ex-officio member of the nominating committee, he can explain his program and express his wishes. He can recommend that cer-

tain individuals be nominated. On the other hand, he must be aware that his opinions in these matters may not be so valid as those of lay members. One pastor, for instance, secured the election of certain individuals who were amenable to his wishes only to find that the local bank did not consider them to be suitable representatives for the congregation.

Assuming that the bylaws have provided for a nominating committee and that the members of the committee are aware of the qualifications required, the pastor should feel that he can trust the integrity of the committee as it executes its responsibilities. The pastor may have preferred a different slate of candidates than the one proposed by the committee, but he should respect the judgment of his co-workers. If the matter is merely an honest difference in opinion, the pastor should attempt to be open-minded even though some people may tend to be obstinate. It is generally considered more desirable to have a democratically selected board even though a few of the less talented members of the congregation might be included. And of course it is not desirable to have a board completely dominated by the pastor.

Working with the Board

The board of trustees, or official board, as mentioned earlier, has the responsibility for the business affairs of the congregation. The minister must be careful that he does not preempt the rights of the board of trustees as it discharges this responsibility. As an ex-officio member only, he should not expect the board to assume the responsibility for his acts if they are contrary to its wishes and authorizations. No member of the board, in fact, is permitted to act for the church without the approval of the others. It bears repeating that the board and the pastor are working together, and the pastor must respect the limitations of his position in connection with financial matters and physical property. If the church has a pressing need for a particular item, it would seem that the board should honor the pastor's request for it provided that funds are available, but he should not attempt to force action.

Business matters are frequently brought to the attention of the pastor by people expecting prompt action. What should the minister do? Should he assume the responsibility for handling the matter? Ordinarily the pastor should not act on

the matter unless he has been authorized to perform the particular function involved. He should refer it to the official board instead. The minister can be held personally liable for any contracts that he has signed or services that he has engaged without the necessary authorization even though he was acting for the best interests of the congregation. This is not mentioned to suggest that a minister should not show an interest in the business affairs of the church, for the pastor cannot afford to risk such a position. All too frequently the spiritual program is hampered by a faulty financial program; the two cannot function apart. Even though the minister is not primarily responsible for business matters, the success of his ministry may depend upon his attitude toward financial activities and his business advice.

Ministers are not in complete agreement in defining their position in connection with attendance at meetings of the board. A minister should be supplied with a copy of the agenda of each meeting so that he can determine whether his attendance is necessary. The minister should have an understanding with the board to the effect that he is available for consultation on any matter if his opinion is desired. Some ministers feel that their presence is not needed when decisions are being made concerning such routine problems as deciding to paint a particular Sunday school room or to repair some chairs. On the other hand, the board may appreciate the pastor's interest and draw inspiration from his presence.

THE PASTOR'S RELATION WITH REGULAR EMPLOYEES

A pastor should rely heavily upon the use of consultation when working with church employees at all levels. Few acts on the part of the pastor will do more to bolster morale than for him to seek the advice and opinions of his co-workers. It helps even more when it becomes apparent that such advice has been followed in some matters whether they be of large or small importance.

The skillful use of commendations might be utilized more extensively on the part of all administrators. The pastor should be alert to the efficient work of the church secretary, the cheerful service of the custodian, and the helpful assistance

of the associate pastor. If he values these, he should let it be known.

Selection and Supervision

The pastor's position with respect to the selection and supervision of personnel varies considerably. Local custom, size of congregation, and established rules of procedure determine to a great extent the actions of the pastor. He has considerable authority in most situations, but he must be careful to observe both his own limitations and those imposed upon him by the bylaws.

The pastor is generally not at liberty to hire employees. If the program of the church has grown to the extent that the staff of the church must be increased, the matter should be taken through proper channels. If the congregation is small, the decision to hire additional personnel such as a secretary or custodian might be of sufficient importance to be brought to the attention of the entire congregation.

When a congregation decides to employ additional secretarial or custodial staff members, it should delegate the authority to hire or discharge such individuals to the board of trustees, inasmuch as the board is charged with the business affairs of the church. If the congregation so desires, it may indicate the pattern to be followed in selecting specific employees. The board might be instructed, for example, to request that the committee on worship or music be consulted in seeking the services of a pianist or organist. The wishes of the pastor should be respected as far as possible, for he must work closely with the entire staff.

Where a staff associate of ministerial rank is to be called much the same procedure as in the calling of the pastor would be followed. In such instances the choices of the pastor should be closely considered, and lines of responsibility made very definite. The board of trustees will deal with him on matters of salary and housing, but his calling will usually be in the hands of a pulpit committee, board of Christian education, or other responsible group.

Secretary

One of the first paid employees might well be a church secretary. She can assume the responsibility for much of the

correspondence, filing, keeping records, preparing bulletins, and other routine work so that the minister will have more time to prepare sermons, pian programs, and visit the parishioners.

Although the secretary is chosen to perform such duties as answering the telephone, making appointments, meeting visitors, typing, and taking dictation, her Christian character must be above reproach. She works closely with the pastor and must recognize that all matters must be kept in strictest confidence. The actual hiring, including determining the salary and terms of employment, should be the prerogative of the board of trustees, but it would appear that the pastor should have the privilege of selecting the secretary and supervising her work.

Custodian

Most of the custodian's duties are related to the physical properties of the church; consequently, it would seem appropriate that he should be selected and supervised by either a committee concerned with buildings and grounds or the board of trustees. If the second method is utilized, the responsibility for this phase of the board's work might be delegated to a particular member who would confer with the custodian with respect to his duties. Any items of an unusual nature could be brought to the attention of the entire board.

The minister should be free to offer suggestions to the custodian or to call matters to his attention. In addition, the pastor can do much toward providing the proper attitude concerning this position.

The pastor can aid the custodian by conveying to the people the trust that they have for church property and by suggesting that the custodian be notified sufficiently in advance concerning weddings, meetings, and dinners.

Associates

The particular needs of the situation will frequently suggest the qualifications required in the person sought as an assistant to the pastor in the program of the church. If emphasis is to be placed on the musical program for example, then a minister of music might be desired. Whatever the capacity of the person chosen—associate pastor, minister of music, or director

of Christian education—the relationship between this person and the pastor will be very close. Not only will they share the same church facilities, but their efforts must contribute to a united program. The period of worship developed by a minister of music or an associate pastor should correlate with the pastor's sermon. The efforts of the director of Christian education should contribute to the master plan of instruction for the entire church. The church looks to the pastor for leadership in developing its program; therefore, he probably should have the privilege of (1) recommending to the congregation the people he would like to have as co-workers and (2) in co-operation with the congregation's leaders defining responsibilities of the associates.

A pastor and appropriate board or committee should discuss with the associate what is expected of him. These duties should be defined rather explicitly, for tasks which are not the specific responsibility of one individual are frequently left undone. This may result either from an oversight or because the associate feels reluctant to assume a responsibility that might not be willingly relinquished by the pastor. Since associates do not always give expression to the unhappiness caused by their not knowing the extent of their authority and responsibility, the pastor should not assume that the situation in his church is satisfactory merely because he has heard no criticism. It is recommended that these items be put into writing.

Compensation

Church employees frequently are paid less than other people who may have comparable qualifications and responsibilities. This is not a desirable practice. A congregation should not take advantage of an individual merely because he is conscientious and willing to render a service to the church. The minister and the board of trustees should be aware of the tendency for people to accept less than a reasonable wage rather than shirk what they consider to be their responsibility. As a result, wage scales should be investigated to determine the prevailing wage in the community. One excellent source for such information is the employment office. When the wage level has been determined, every effort should be exerted to equal or surpass the standard.

THE PASTOR AND VISITING PERSONNEL

The pastor and the congregation usually work together in deciding who will be engaged for evangelistic series and special meetings. One of the problems faced by the pastor in this connection is that of giving advice concerning the appropriate compensation to be paid to these individuals. There is no uniform practice for paying evangelists and visiting ministers. However, several rule-of-thumb practices are suggested as a rough guide in the absence of a more accurate method of evaluation.

A full-time evangelist should be paid approximately twice the weekly salary of the regular minister. This may seem to be a little high; however, it must be remembered that unless his services are in great demand, he will be without engagements for part of the year. Then, too, if he is a married man, he will need to spend some of his time at home with his family and will not be receiving income during every week of the year.

If a speaker is asked to fill the pulpit for the Sunday services, he should have his traveling expenses reimbursed and receive, in addition, one third to one half of the amount paid weekly to the pastor. If a minister or speaker should indicate that he desires no pay, he should at least be reimbursed for his expenses. There are a few instances when no pay is forthcoming; for instance, it would not be necessary to pay a speaker who is sent by an organization to publicize it.

The general financial condition of the congregation should be taken into consideration, too. Some congregations can and should pay more than custom demands. Others may find it difficult to merely cover the speaker's expenses. Ministers hesitate to put a price on their services. They try to serve where they are needed.

As suggested, these at best are but rough guides. The pastor will have to use his judgment in most cases, but he must be careful not to promise a visiting minister a certain sum without having had prior approval by the board of trustees. On occasion pastors have been known to have to pay a visiting speaker out of their own salary. This, of course, is not a desirable practice.

THE MINISTER AND VOLUNTEER WORKERS

No one realizes better than the minister that a growing church is one where the members are kept busy working in the program of the church. A person needs to have that sense of belonging which comes through holding a position of responsibility and making a contribution to something that is worth while and significant. Providing this opportunity is but one of the many responsibilities of the minister. He often is not fully aware of his potential position as a personnel administrator. Instead of using the talent readily at hand, he tries to do much of the work himself. As a result, the size of the church is set by the limitations of his time and ability.

Guides to Successful Personnel Administration

A number of guiding principles and working techniques can be adapted to the use of the minister as he seeks to strengthen his church through building a strong working force.

1. Every position is important.—Who wants to fill an unimportant or insignificant position? The answer is obvious. The pastor must find ways to convey a sense of importance to each position of the church. Not everyone wants a big job, but everyone wants to feel that his is a worth-while contribution. An usher who realizes that he has an honored position as an ambassador of the kingdom of God is apt to be friendlier and more efficient as he goes about his duties than the usher who accepts the position because he was the only one who would take it.

2. Every member has potential talent.—There are positions that require people with unusual talents, and there are some which require very limited talents. Fortunately there are people who fit into both of these categories. It is not always easy to locate the latent talent, but the minister must be alert and take advantage of all opportunities to gain information. One way is to ask each member to complete a talent survey sheet or questionnaire. This sheet should be set up to include questions concerning interests, hobbies, experience in teaching Sunday school classes, musical participation, and the like. This sheet, upon completion, becomes the basis for a card file including the name of each person in the congregation.

The pastor adds information to this file from time to time. Some ministers find that they cannot really get to know a member without conducting an interview with him or visiting in his home. They learn of the member's interests through observing the books he reads, the things he enjoys, the subjects of his conversation, and the places he attends. All of these items find their way to the little card file. Then, when a position is to be filled in the church such as a replacement for a member of the budget committee, the pastor looks through his file for a man who has the necessary qualifications.

3. A position for every person.—Some churches find it difficult to find people to fill the positions while others find it difficult to keep their members busy. If the pastor has learned to delegate some of his duties, he will have time for creative planning and will be able to cope with the situation. Survey the special talents of the group and plan imaginatively how these may be used. Keep in mind the elderly retired persons and even shut-ins with time to give and abilities to share.

4. Every person deserves an opportunity.—The minister should not assume that an individual will not participate in the program because the suggested position is beneath his dignity or for some comparable reason. The person should have the opportunity to make the decision. He might be willing to accept.

Chapter 4

Insurance

No church can afford to be without adequate insurance protection and its work should be organized so that its insurance program comes up periodically for responsible review.

FIRE INSURANCE

Providing for protection against fires is frequently delegated to an insurance committee. The church that has a competent attorney or insurance representative to chair the committee is fortunate. The committee should establish a consultative relationship with a reputable local agent or broker unless suitable counsel is available within the membership of the church. The length of time a man has been in the insurance business and the reputation he has among his clients are factors that can be used in selecting an appropriate agent.

Those charged with the responsibility for insurance might be tempted to secure less than full fire coverage on the basis that the building is in use for such a small period of the time each week. This reasoning is faulty. The likelihood of a fire is greater under these conditions. The church has not been in use all week; consequently, the building is cold and damp. Then on Saturday afternoon or Sunday morning, the custodian forces the heating system to its capacity in order to get the building ready for occupancy on time. Over a period of years this type of forced heating is apt to weaken the system and increase the possibilities of fire damage. Instead of being a good risk because of their infrequent use, church buildings appear to be especially subject to damage by fire.

Periodic Review of Insurance Program

Church property should be fully covered with insurance; that is, the amount of insurance carried on a building should

be equal to its appraised evaluation. This necessitates a periodic review of the amount of insurance in force and the value of the property. It is an unnecessary expense to pay premiums on policies having a face value of \$60,000, for instance, if the actual value of the property is only \$45,000. Insurance companies *never* pay more than the extent of the loss suffered even though the policies in force are for a higher amount. It is even more unfortunate, on the other hand, to experience the loss of a property with a replacement value of \$60,000, when it was insured for only \$45,000. Yet, this is an occurrence caused frequently by appreciation in property values. A building constructed in 1939, for example, might be worth considerably more now, because of recent economic trends. A review of the insurance program should detect and correct any discrepancies that exist between the replacement value of property and the insurance in force.

Amount of Insurance Required

The face of the insurance policy should be based upon the actual cash value of the property, which is not easy to determine. The amount of cash that would be paid by an insurance company in the case of loss, in general, would be the cost to rebuild the edifice at current prices less an allowance for depreciation for the number of years the building had been in use.

To figure values accurately is a difficult task. Valuation of buildings usually calls for the special services of someone familiar with construction costs. As to contents, select an appraiser who knows values. If a pipe organ is included in building value or separately insured, its replacement cost can usually be determined by its manufacturer. Depreciation should be deducted from such replacement cost.

In establishing building values for insurance purposes, three methods are listed in the order of presumed acceptability and accuracy from the standpoint of the church authorities.

1. Employ the services of a recognized appraisal company to make an accurate and detailed appraisal, from which should be deducted the depreciation of everything covered under the building item of an insurance policy,

with an estimate of present-day actual cash value. Most appraisal companies can keep these figures up to date by periodically reviewing them for a reasonable additional fee. Such a detailed appraisal serves two purposes: (a) it establishes actual cash value; (b) it supplies a permanent descriptive record of structural items, quantities, labor costs, etc., that is of great assistance in the event of loss.

2. If original plans and specifications of buildings are available, it is possible to approximate the values through the use of charts and indices published by concerns specializing in appraisal work showing building material costs and labor comparison by years. Structural changes and improvements should be considered. In using charts or indices it might be remembered that depreciation due to age, obsolescence or other causes must be considered when determining today's actual cash value. The accuracy of figures produced by such methods is not generally comparable to that developed by a detailed appraisal and may be undesirable in certain cases.

3. A competent local contractor may be employed to prepare a permanent detailed record of structural items and labor costs based on present-day values and to make an estimate of depreciation to determine current actual cash value of buildings.

If any one of the three methods is employed it should be remembered that any appraisal or approximation of present-day actual cash value for insurance purposes should be kept up to date. The amount of insurance should be revised whenever changes are made in the property or any change occurs either upward or downward in the cost of labor and materials.

As to contents, it is suggested that a complete inventory be made, including all furniture, fixtures and personal property not included as a part of the building. This inventory should list quantity, cost and the present-day actual cash value and be revised whenever present-day actual cash values change upward or downward. In the event of loss, such an inventory becomes a valuable record and would assist in establishing actual cash value and in checking and identifying property for which claim is being made.

Plans, specifications and appraisal data, including inventories, should be kept in a vault or safe off the premises.¹

Kinds of Coverage

More than one policy may be required in order to attain complete protection from fire and its attendant damages if the company writing the basic policy does not make provisions for additional coverage through endorsements.

Standard policy on buildings.—The ordinary policy provides protection against fire for the building, but not for the furniture and equipment contained inside the structure.

“Building” includes adjoining and communicating additions and extensions, structural attachments; engines, boilers and pumps; pipe organ and its appurtenances; pews, seats, pulpits, altars, railings, and all permanent fixtures and equipment pertaining to the service of the building and belonging to the realty; signs, flagpoles, and fences; awnings, storm and screen doors and windows, whether in place or stored in the described building.²

The standard policy should not be expected to cover losses caused by windstorms, floods, explosions, or smoke damage resulting from a faulty heating system.

Extended coverage.—An endorsement may be added to the standard policy for a small additional charge. This endorsement could be expected to provide protection against loss caused by hail, wind, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke.

Extended coverage does not provide protection against loss by flood. In fact, protection against flood loss is difficult to obtain, and its cost, when available, is almost prohibitive. Still it is probably worth the cost if the property to be insured is located in an area that suffers because of floods.

Additional extended coverage.—Additional endorsements can be added to the standard fire policy to provide protection against glass breakage of any kind, vandalism and malicious

¹*Notes on Church Insurance for Clergy and Lay Trustees*, The National Board of Fire Underwriters, pp. 3-5.

²*Ibid.*, p. 5.

mischievous, loss in income because of inability to use building, and other potential losses.

Contents insurance.—Fire insurance protection should be provided for the contents of the building, which would include furniture, fixtures, and personal property while contained in the building.

It might be well for the committee to consider extended coverage for the contents as well as for the building. A piano, for example, was ruined in Indianapolis by falling plaster. Protection against losses of this kind can be provided for a nominal cost.

If equipment, such as projectors and cameras, is used away from the church building, a clause should be included in the policy to provide protection under such circumstances. This endorsement is commonly known as a floater clause.

Cost of Fire Insurance

The cost of fire insurance depends upon the rate established for the area, the kind of material used in the construction of the building, the size of the building, proximity to other buildings, position in relation to fire department and hydrants, the safeguards against fire within the building, and the use of the building.

Ways to Lower Rates

Techniques which may be used to reduce the cost of the insurance program include the following:

1. The policy should be written to cover a period of from three to five years. The premium for a one-year policy is usually at a much higher rate. This is true even though a policy is written for a term of three years with one third falling due each year.

2. Appraisals should be conducted periodically in order to avoid paying premiums in excess of the actual value of the property. The insurance company will provide this service without charge.

3. Reductions in rates accompany protective measures. Safeguards against fire damage should be provided, such as a sprinkling system, approved extinguishers, fireproof material around furnace and projection booth, and rules con-

cerning the use and storage of gasoline and other flammable material.

4. A lower rate can be acquired under a coinsurance clause. This is an arrangement which provides a special rate provided that the face of the policy is adequate to cover the value of the property.

Eighty per cent is the most commonly used coinsurance percentage with the amount of insurance equaling at least 80 per cent of the actual cash value of the property (replacement cost less depreciation). If that amount of insurance is not purchased by the owner then he has in effect elected to become a self-insurer for the balance. The uninsured portion of the risk becomes his own financial responsibility in case of loss.

The following examples show how coinsurance operates with sufficient insurance and without enough insurance to comply with its conditions:

EXAMPLE "A"

Church property with actual cash value (replacement cost less depreciation) at time of loss	\$100,000
Insurance to comply with 80% coinsurance of at least	80,000
Insurance carried for full compliance	80,000
Amount of loss	16,000
Collectible loss	$\frac{80,000 \text{ (amt. of ins.)}}{80,000 \text{ (80\% of val.)}} \times 16,000 = 16,000$
Insurance pays	16,000

EXAMPLE "B"

Church property with actual cash value (replacement cost less depreciation) at time of loss	\$100,000
Insurance to comply with 80% coinsurance of at least	80,000
Insurance carried (5% of compliance)	50,000
Amount of loss	16,000
Collectible loss	$\frac{50,000 \text{ (amt. of ins.)}}{80,000 \text{ (80\% of val.)}} \times 16,000 = 10,000$
Insurance pays	10,000
Uncollectible loss $\frac{3}{8}$ or	6,000

The above examples clearly demonstrate the operation of coinsurance.

In a rising market for cost of materials and labor it is very important that the amount of insurance be checked periodically and revised to reflect the changes in actual cash value to comply with the application of coinsurance.

In a declining market the amount of insurance can be reduced.¹

5. It is frequently possible to get a lower rate from a mutual insurance company; however, it may be desirable to rely upon the advice of a trusted insurance agent in individual cases. He should be in a position to compare costs, protection, and terms so that the merits of the various possibilities can be evaluated.

6. Plans for new churches should be submitted to the fire insurance rating organization within the state. Slight changes in the plans might result in lower premiums.

Fire Preventive Measures

The insurance committee, in addition to securing adequate fire insurance, should assume the responsibility for such preventive measures as the following:

1. Have frequent inspections. Encourage the fire chief or insurance inspector to criticize conditions and offer suggestions.
2. Install lightning rods and conductors.
3. Caution against the use of candles, gasoline, and flammable cleaning materials.
4. Require tidy closets and storerooms.
5. Check fire hoses periodically and replace those that show signs of deterioration.
6. Provide sprinkler system, fire extinguishers, exit lights, and related items.
7. Enforce proper disposal of waste.
8. Seek the installation of fire alarms near the church.
9. Avoid improper wiring and use of extension cords.
10. Repair faulty chimney or furnace room.
11. Entrust heating system to qualified custodian.
12. Begin an adequate maintenance program.

OTHER KINDS OF INSURANCE PROTECTION

If a committee is to develop an adequate insurance program, it will not cease functioning as soon as it has completed its plans for protection against fire. There are other risks that should be taken into consideration.

¹*Notes on Church Insurance for Clergy and Lay Trustees*, pp. 9-10.

Public Liability and Property Damage

Owners, landlords, and tenants.—A policy should be obtained to protect the church against any claim which may be presented because of bodily injury, or damage to another's property, resulting from the ownership, use, or maintenance of property. Although the courts are not entirely consistent on their rulings concerning the responsibility of churches for injuries caused by dark passages, faulty sidewalks, and the like, it is usually advisable to provide insurance protection against these risks. Inasmuch as the rate is low, it is desirable to have at least \$25,000 protection against bodily injury and \$10,000 protection against property damage.

Comprehensive coverage.—If the church owns a bus or automobile, comprehensive coverage should be secured to provide protection because of any damages which might arise through their operation.

Comprehensive coverage would also afford protection for activities conducted either on or off the church premises, such as accidents occurring in the nursery school or at summer camp.

Employer's Liability

Workmen's compensation.—In most states it is required by law for the employees to be covered by "Workmen's Compensation Insurance." In at least one state, however, a church may be excused from complying with the program by filing a request for nonparticipation. The committee should investigate this matter with its insurance counsel, or attorney, to determine the requirements for its particular locality. This type of insurance automatically provides protection for almost all employees. An advance deposit on the premium is required. Then at the end of the year, the payroll records are audited to determine the exact cost.

Volunteer workers.—Whether or not people working for the church without pay have compensation coverage depends upon the language of the policy. It is possible, in the case of an accident, that the court will rule that the individual was not an employee because he was not subject to being discharged. Therefore, it behooves those in charge of the insurance program to be especially cautious in providing adequate

protection for volunteer workers, for one who is wanting to aid the church is not likely to present a justifiable claim for damages if it tends to work a hardship on the church.

Ministers.—The minister ordinarily would not be covered by the policy providing compensation for workmen on the basis that he is the master of his own activities. The time that he spends on personal affairs and church work are so intermingled that it is difficult to determine when the minister is performing a service for the church. A separate policy should be secured to provide protection against any liability which may arise because of an injury to the minister which might result from his activities in helping to build a new edifice.

Bonding the Treasurer

A number of churches fail to purchase insurance in the form of fidelity bonds as protection against the theft or embezzlement of funds on the part of the employees of the church or those who handle money. It is assumed that because these individuals are "good Christian people" nothing can go amiss. All too frequently, however, the newspapers carry news items concerning one who has departed from the fold.

Several types of bonds can be secured for protection purposes. One type covers the position. For instance, if the church elects a new treasurer, the position bond will continue to be in force and will cover the new officer. Another type covers the individual only. If a new man is elected treasurer, a new bond must be secured. A schedule bond can be acquired to cover several positions, and a more expensive type called a "blanket bond" covers all those who handle money. Local circumstances should indicate which type is the most desirable.

The bond should be for an amount equal to the maximum amount that is subject to loss. Upon theft, embezzlement, or any misappropriation of funds, the bonding company will reimburse the church to the extent of the loss or the amount of the bond, whichever is the smaller. It is usually necessary for the church to prefer charges against the individual who misappropriated the funds in order to collect on the bond.

Robbery Insurance

Policies can be acquired to cover the theft of money, securities, or personal property. Such protection would apply to items on the church premises or in the homes of the minister, secretary, treasurer, or other members of the church.

Boiler Insurance

Insurance coverage should be provided for boilers and hot-water tanks. When equipment is subject to great steam pressure, it is possible that loss may result from explosion unless protection is provided through insurance.

Special Coverage

Such items as stained glass windows, pipe organs, projectors, and paintings may be insured separately or as a part of another policy. If a separate policy is provided, care should be taken to insure that premiums are not included on them a second time as a part of the contents of the building itself.

Churches in Course of Construction

The church should purchase insurance when construction is contemplated. A special type of protection known as builder's risk fire insurance is available for the protection of the contractor and the church while the building is under construction. The committee should investigate to see whether or not this has been provided.

PROTECTION OF POLICIES AND RELATED PAPERS

The insurance committee should be positive that all needed information is available in case fire should destroy the property. For example: (1) The policies should be placed in a safe-deposit box. (2) A current inventory should be maintained for all equipment along with its cost and date of acquisition. No one can be expected to remember all of the items that the church owns. (3) The procedure to be followed concerning the notification of the insurance company and removal of debris should be established. This information should be provided by the insurance company when the policies are written or renewed.

Chapter 5

Banking, Investments, and Retirement

The local bank should be a familiar place to every minister. Contrary to impressions built up over the years, the officers of the bank and its employees are usually friendly, community-minded people who will lend a helping hand with many worth-while projects for the churches and local agencies. The bank is the center for financial services. Not all banks are alike, but in the smaller towns and cities the local bank ordinarily handles the sale and redemption of government bonds, provides service in connection with the buying and selling of stock, maintains safe-deposit boxes and vaults, and performs many other services for its customers. These services are in addition to the two major functions of banks, namely, (1) acting as a depository for funds and (2) making loans.

Banks first came into existence as a place where money could be taken for safekeeping, and that function still remains. When an individual takes money to a bank, he usually places it in either a checking account or a savings account. A checking account is used when one wants to transact business with checks. A savings account is normally used when money is to remain in the bank for a longer period of time and to earn interest.

CHECKING ACCOUNTS

Over the years the banks in the United States have found that it is quite expensive to provide checking accounts without charging depositors for their use. In order to provide efficient service for all depositors at a minimum cost, two types of checking accounts have come into existence, regular and special checking accounts.

Regular Checking Accounts

A regular checking account is the type used by most people. The arrangements vary from city to city, but the usual plan is to require a minimum balance to be maintained in the account at all times in order to avoid a charge being made for each check written. If the minimum balance is maintained, the depositor may be allowed to write as many as ten checks per month without cost. The larger the average balance in the account, the more checks that can be written without a service charge. For example, the rate schedule might be as follows:

Average Balance in Account	No. of Checks Without Charge Per Month*
Less than \$100.00	0
\$100.00—\$199.99	10
\$200.00—\$299.99	20
\$300.00—\$399.99	30
\$400.00—\$499.99	40
\$500.00 or over	Unlimited

*Note: A service charge of 4c will be levied against each check over the number allowed without charge.

It is not unusual for churches to be allowed to write any number of checks without charge regardless of the balance maintained in the account.

Special Checking Accounts

The special checking account was designed to accommodate those individuals who prefer to pay a service charge rather than maintain a certain minimum balance in their accounts. The customary practice is to require an individual to buy a book of checks upon opening an account. For example, a book of twenty checks might cost \$2.00. The individual may then write twenty checks without keeping a specified balance in his account.

The cost of maintaining a special checking account is usually considerably more expensive in the larger cities. For example, in New York City the banks levy a service charge of fifty cents per month in addition to the purchase cost of ten cents per check.

Reasons for Maintaining a Checking Account

Many excellent reasons can be offered to support the use of checks in making payments by either churches or individuals.

1. Internal control.—In the case of churches, for instance, all disbursements, unless a petty cash fund is maintained, should be paid by check and should be signed by two individuals. Requiring a countersignature, in addition to that of the treasurer, provides a measure of protection against the improper use of funds.

2. Written record.—If expenses are paid out of pocket cash or a tin box, it is very likely that important transactions will not be recorded. Some may even be paid a second time.

3. Permanent receipt.—A check written for an expense and endorsed by the recipient constitutes an excellent receipt of payment. A canceled check, for example, is suitable evidence for tax purposes to support a contribution to the church.

4. Convenience.—If an individual desires to send money through the mail to pay a utility bill, for instance, it is much easier to write a check than to secure a money order. It is cheaper, too!

5. Safety.—Large sums of money may be lost, stolen, or burned if kept on one's person or at home. Of course, currency should never be sent through the mail.

Writing Checks

Care should be exercised in preparing checks. They should be either typewritten or written legibly in ink. In the case of churches, the checks should be prenumbered when the checks are printed so that all checks can be accounted for in subsequent audits. If an error is made in writing a check, the word "voided" should be printed across the check in large bold letters, and it should be attached to the stub.

The first step in preparing a check is to enter all of the information indicated on the stub. It is easy to forget vital information if an attempt is made to complete the stub from memory after the check has been written.

Cautionary measures should be exercised to make it difficult to alter a check. The necessary information should be entered

in each space. The name of the payee, the person who is to receive the check, should be written correctly. If the payee's name does not occupy all of the space allotted for that purpose, a line should be drawn through the remaining space. The amount should be entered close to the dollar mark so that no figures can be inserted to enlarge the amount. When the amount is entered in writing, the words should begin at the extreme left of the check with a line being drawn through any excess space. The signature should be written in ink exactly as recorded on the signature card at the bank. See the example of a correctly completed check.

Anderson, Ind.	<u>September 14, 1956</u>	No. <u>34</u>
FIRST NATIONAL BANK OF CENTERVILLE		
Pay to the order of		
<u>John H. Doe</u>	<u>_____</u>	\$ <u>8 35</u>
<u>Eight and 35/100</u>	<u>_____</u>	Dollars
<u>Samuel R. Skinner</u>		

Correctly written check

Making Deposits

When depositing checks or money at the bank, special attention should be given to supplying complete identification information. This is of especial importance if the person making the deposit makes deposits to more than one account. The full name of the individual or organization should be printed legibly in the appropriate space. Deposits have been credited to the wrong accounts because depositors have carelessly entered incomplete or erroneous information on the deposit slips.

Whether treasurers should complete the deposit slip in duplicate or triplicate depends upon the needs of the particular situation. One copy, of course, is retained by the bank, and a file should be maintained of duplicates for auditing purposes.

Most deposit slips are self-explanatory except with respect to entering information concerning checks. The amount of each check should be entered separately on the deposit slip along with identifying information. The identification may vary slightly; however, the code number of the bank, which is usually in the upper right corner of the check, is adequate. Otherwise, out-of-town checks may be identified by the name of the town in which the bank is located and local banks by the name of the bank only.

Endorsing Checks

A check written to an individual is not negotiable until it is endorsed by the payee; thus, if an unendorsed check were lost or stolen, it could not be passed on to others as would be true of currency. Therefore, checks should not be endorsed until immediately before they are to be cashed or deposited unless a restrictive endorsement is used. Thus, in connection with the handling of church funds, checks should be endorsed for deposit immediately upon their receipt.

A check is endorsed by writing the name of the payee on its back, horizontally along the perforated edge, exactly as it is written on the front. If the payee's name is incomplete or spelled incorrectly, it should be signed in the manner written on the front with the correct signature entered directly below it.

Blank endorsement.—The endorsement may be completed in several different ways. The method most commonly used is the blank endorsement, which is executed by the payee's merely signing his name on the back. This type of endorsement causes the check to be negotiable so that it can pass from person to person like currency. If a check bearing this type of endorsement is lost, the finder can pass title to a third person.

Endorsement in full.—An endorsement in full is completed by writing "pay to the order of" followed by the name of the person to whom title is to be transferred and the signature of the payee. The only person who can receive the proceeds from a check endorsed in this manner is the person to whom it was transferred.

Restrictive endorsement.—A restrictive endorsement is executed by writing “pay to the order of” followed by the person to receive title, the use for which the check is intended, and the signature of the payee. This method is especially useful when checks are deposited by mail.

Reconciling a Checking Account

Periodically a depositor will receive his canceled checks from the bank along with a statement listing all the checks paid by the bank, deposits received, and the current balance. The depositor should compare the balance on the bank statement with the balance on his last check stub to see if the two are the same. Frequently these will not be in agreement, for the depositor may have written checks that have not yet been presented to the bank for payment.

The procedure to reconcile the difference between the bank balance and the depositor's balance is relatively simple.

1. Arrange the canceled checks in numerical sequence.
2. Compare each stub with its corresponding canceled check. If a canceled check cannot be located for a stub, then that check has not been paid by the bank and is still outstanding.
3. Total the stubs for which canceled checks have not been located. This represents the total of the outstanding checks.
4. Deduct the total of the outstanding checks from the balance per bank statement. Compare this new balance with the balance on the last check stub.
5. If the balances are still not the same, check to see whether the bank has given credit for all deposits recorded in the checkbook. There might have been a deposit in transit on the last day of the month.
6. If the balances do not agree after tracing the deposits, the last step is to check for mechanical errors in determining balances, in writing different figures on the check and the stub, in omitting service charges deducted by the bank, and the like.

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One procedure for reconciling an account is shown here.

Balance per bank statement		\$835.00
Add: Deposit in transit		150.00
Total		<u>\$985.00</u>
Deduct: Outstanding checks		
#21	\$10.00	
#40	35.00	
#42	25.00	
#43	20.00	
		<u>90.00</u>
Corrected bank balance		<u>\$895.00</u>
Balance per checkbook		\$903.25
Add: Error in computing balance on check #23		2.90
Total		<u>\$906.15</u>
Deduct:		
(1) Check of James Doe included in deposit of 5th of the month returned by bank because there were insufficient funds in his account	\$10.00	
(2) Service charges deducted by the bank	1.15	11.15
Corrected balance per checkbook		<u>\$895.00</u>

Reconciliation of checking account

SAVINGS ACCOUNTS

Surplus funds may be placed with a bank for safekeeping in a savings account. The rate of return is characteristically small, but the funds are readily available at short notice. Deposits in most banks are insured against loss up to \$10,000 by the Federal Deposit Insurance Corporation.

A savings account provides an ideal way for a minister to establish an emergency fund to be used in case of sudden illness, to avoid the lapsing of an insurance policy, or some similar occurrence.

OTHER BANKING SERVICES

Traveler's Checks

Ordinarily it is not easy for an individual to cash personal checks while traveling away from home, and it is unwise to carry large sums of money. A desirable practice is to use traveler's checks, for they can be readily cashed anywhere.

These checks can be purchased at the local bank in various denominations for a small charge.

Certified Checks

Occasionally the payee may hesitate to accept a check in the completion of a transaction, because he has no proof that the check will be honored by the bank when it is presented for payment. The writer of a check can avoid this situation by having the check certified by his bank. The appropriate officer stamps upon the face of the check the word "certified," the date, and the name of the bank and signs his name and title. The bookkeeping department is then notified to make an entry in the account so that checks cannot be written against the amount needed to pay this "certified check" when it is presented for payment.

Cashier's Check

An occasion may arise when an individual desires to make a payment by check but has no account at the bank. If this need should present itself, the local bank will be glad to supply a cashier's check in exchange for the amount of the check and a small fee. A cashier's check is a check written by the cashier instructing the bank to pay the amount of the check to the payee upon demand.

ACCOUNTS FOR SPECIAL PURPOSES

Many of the contributions received by the local church are designated for specific purposes. The officers are morally obligated to use those funds as instructed by the donors. Unfortunately, the accounting system often makes it extremely difficult to determine whether these funds have been properly administered. If the accounting system is inadequate for the purpose, separate checking accounts should be established as a means of segregating receipts. For example, a church might need to maintain the following accounts: (1) a regular account, (2) a building fund account, (3) a missionary fund account, and (4) an organ fund account. If this is considered necessary, different colored checks for each account would tend to reduce the possibility of confusion between the accounts.

Congregations are not frequently faced with holding funds in trust for the church. However, if funds should be received

through a will or a gift and should certain restrictions be imposed upon their use necessitating the creation of a trust agreement, the local bank will be able to assist in completing the necessary arrangements.

RETIREMENT

Many ministers have followed the scripture "Therefore do not be anxious about tomorrow . . ." a little too literally. As a result, they have reached the age of retirement and found themselves without any means of support. To avoid being dependent upon society or relatives during the later years of life, a minister should begin early in his career to make provisions for the future. Three approaches to the problem are suggested in this section, namely, the church pension plan, Social Security, and annuities.

Church Pension Plan

Many of the various religious bodies have found that a number of their ministers reach the age of retirement without having made adequate provisions for their support. As a result, a significant number of these groups have organized their own pension plans. In general, these plans are under professional direction and offer an attractive pension program to the minister who qualifies for inclusion. It is strongly recommended that every minister write to the general offices of his church for complete information. Few ministers can afford not to belong to the pension plan provided for their protection.

Social Security

Many ministers will want to participate in the program open to them since January 1, 1955, under the Social Security law in addition to the pension plan of their church. Either program by itself is probably inadequate.

Benefits Under Social Security.—The benefits available to a minister under old-age and survivors insurance, the portion of Social Security open to ministers, include provisions for retirement and insurance protection for a widow with children under eighteen in case of the minister's death.

The minister may elect to retire at the age of sixty-five under Social Security. If he so desires, he may retire and continue to fill a pulpit on a part-time basis and earn as much

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as \$1,200 per year and still receive full benefits. The plan provides for additional income when the wife of a retired minister also reaches the age of sixty-five.

The survivors insurance feature is a very important element of the plan. One insurance institute estimated the value of the typical Social Security account at \$32,000 in terms of life insurance. The plan provides that the minister's widow with small children shall be entitled to receive monthly payments until the children reach eighteen years of age. After all of the children have reached eighteen, payments cease until the widow reaches the age of sixty-five when she becomes eligible to receive payments again.

The monthly retirement income received by the minister is dependent upon his average monthly income during his ministry. The monthly income received by a widow with small children is determined by her husband's average monthly income up to the date of his death and the number of children in the family. The accompanying charts show the benefit amounts payable to an insured minister or his beneficiaries.¹

Average Monthly Earnings	Retired Worker	Retired Worker and Aged Wife
\$ 70	\$ 38.50	\$ 57.80
120	62.50	93.80
170	72.50	108.80
220	82.50	123.80
270	92.50	138.80
310	100.50	150.80
350	108.50	162.80

Old-age and retirement payments

Average Monthly Earnings	Aged Widow or Widower	Widow and 1 Child	Widow and 2 Children	Widow and 3 Children
\$ 70	\$30.00	\$ 57.80	\$ 57.80	\$ 57.80
120	46.90	93.80	96.00	96.00
170	54.40	108.80	136.00	136.00
220	61.90	123.80	165.00	176.00
270	69.40	138.80	185.00	200.00
310	75.40	150.80	200.00	200.00
350	81.40	162.80	200.00	200.00

Survivors payments

¹Facts for Clergymen—the 1954 Amendments to the Social Security Law, United States Department of Health, Education, and Welfare, p. 7.

Qualifying for coverage.—A minister is not required to be insured under the Social Security law, but he may elect to enter into the program as a self-employed person. He must make such election within two years after he is licensed or ordained; otherwise, his earnings in the ministry can never be included. Once coverage is obtained by the minister, it can never be revoked.

Coverage is attained by electing to be included and making the required payments. The steps involved are as follows:

1. Secure a Social Security number and card. An application blank can be secured from the post office in rural areas or from any office of the Social Security Administration.
2. File a waiver certificate, Form 2031, in triplicate with the District Director of Internal Revenue. One copy will be stamped and returned. This form can be secured at any District Internal Revenue or Social Security Administration office. Through completing the form the minister waives his exemption under the Social Security law and expresses his desire to participate in the program.
3. Fill out Schedule C and C-a when preparing the Federal income tax returns.

To reach an insured status, the minister must have at least six quarters of coverage. The self-employment earnings of ministers will be counted toward quarters of coverage if they total \$400 or more in a tax year, which is then equal to four quarters of coverage. To be *currently insured*, the minister must have had six quarters of coverage out of the past three years. To be *fully insured*, he must have had: (1) forty quarters of coverage or (2) coverage for half of the quarters between January 1, 1951, or his twenty-first birthday, whichever is later, and the date of his death or the end of the year in which he becomes sixty-five.

Cost of the program.—The minister pays for coverage by reporting on Schedule C-a of tax Form 1040 all self-employment income earned up to \$4,200. The amount of the payment is computed and is included along with the income tax being paid to the District Director of Internal Revenue. The current rate is 3 per cent, but it will be raised to 6 per cent by

1975. The increase is to occur gradually as indicated by the following schedule:

Calendar Years	Per Cent
1954-59	3
1960-64	3¾
1965-69	4½
1970-74	5¼
1975 and after	6

Receiving benefits.—Insurance payments or retirement benefits do not start automatically. An application must be filed before payments begin. A minister can receive advice and assistance from any of the Social Security Administration offices.

Determining Benefits.—The basic factor in determining retirement benefits is the average monthly wage. In general, the average monthly wage can be computed by totaling all covered earnings between January 1, 1951, or the year when the minister became twenty-two and the date of retirement and dividing this total by the number of months in the same period. The five years of lowest or no covered earnings may be omitted in computing the average. Earnings in excess of \$4,200 do not count.

When the average monthly wage has been computed, the monthly benefit for a retired minister is determined by taking 55 per cent of the first \$110 of the average monthly wage and adding to that 20 per cent of the remainder. If the wife is also sixty-five, she will receive one half of what the retired minister receives.

Annuities

If a minister feels that his retirement income under the retirement plans of his pension board and the Social Security law is less than he desires, he can arrange to supplement that income by buying annuities.

The cost of an annuity will depend upon the amount of income one desires to receive. The greater the payments desired, the greater will be the cost of the annuity. The main disadvantage of annuities is their high cost. They have become

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more expensive in recent years because interest rates have been lower and an individual's life expectancy has become longer.

If a minister decides to purchase an annuity, he should buy it from a well-established firm, one that has demonstrated its financial soundness over the years. The local banker will be able to offer helpful advice.

Chapter 6

Real Estate Transactions

The future development of a church is dependent in a large measure upon the selection of the site on which the edifice is to be erected. It is the purpose of this chapter to suggest a number of important factors which should be considered in the process of choosing a suitable site.

FUNCTION OF THE PROPERTY

For what purpose will the site be used? A tentative goal must be set concerning the manner in which the property will be used before any attempt is made to select a church site. If such a goal is established, the congregation will then have a basis for evaluating prospective sites. Some of the reasons why a congregation might buy land are: (1) to build a church, parsonage, or educational facilities, (2) to provide parking facilities near the church, or (3) to protect the church from the improper use of adjoining land.

GUIDES FOR EVALUATION

The preliminary steps in choosing the location for a new building are frequently carried out by a committee under the guidance of an architect. In an attempt to find the most suitable location, the committee investigates potential sites throughout the community. Its final recommendations to the congregation should be based upon the site's suitability in terms of its: (1) accessibility, (2) visibility, (3) relationship to the neighborhood pattern, and (4) adequacy.

Accessibility

Is the site readily accessible? In general the site should be located as close to the geographic center of the membership as possible for the convenience of those attending the church.

But there are conditions which will affect this decision. They include: (1) the availability of suitable transportation facilities; (2) the amount of parking space; (3) the population trend in the community; and (4) the presence of barriers such as parks, rivers, industrial plants, and railroads. Nowadays a greater portion of the members drive their automobiles to church, but the building should be so located that as many children as possible can walk to Sunday school and other church activities without encountering danger.

In keeping in mind growth trends in the community it is well to remember that church buildings must serve for many years in the future. Even in five years' time the geographic center of a congregation's membership may move quite a distance. Thus it is well to survey growth patterns in the community carefully. Once a congregation has found out which direction the city is moving they can buy in the path of that growth. This may mean an off-center location at the moment, but a location that will be in the heart of things in less than ten years.

A congregation should not be tempted to buy lots simply because their purchase price is low. Such an expenditure may represent false economy. Money invested in excellent building sites is well spent.

Visibility

What is the nature of the visibility? Is there danger that strangers will have difficulty in locating the church? The church occupies a very important place in the lives of its members, and in the same manner the edifice should occupy a prominent location in the community. An edifice that is easily viewed invites others to attend. Corner sites and lots situated at the end of an important thoroughfare are preferred to those located on side streets or in the middle of a block.

Relationship to the Neighborhood Pattern

Is the neighborhood suitable for a church? The suitability of the neighborhood can be determined only after finding the answers to many other questions.

1. What are the trends in industrial development and population growth? Help can often be secured, in attempting

to answer this question, from the officials of the telephone company, the chamber of commerce, transportation officials, and civic leaders.

2. Will noise interfere with meetings? The shouts of children from adjacent playgrounds, screaming motors from a near-by airport, or the screech of brakes and the roar of trucks at a stop sign may be factors worthy of consideration.

3. What is the religion of the people in the immediate vicinity? Will the church be welcomed? One congregation of a certain denomination is located in an area in which less than 11 per cent of the people are Protestant. It has shown few signs of growth. Most of the members live outside the community.

4. Who owns the adjacent property? Consideration should be given to the possible use of adjoining land for service stations, taverns, and similar establishments. The church might want to purchase the surrounding land rather than risk having it put to an undesirable use.

5. Are there zoning laws and of what value are they? The local planning commission or appropriate public officials should be consulted for information concerning zoning laws, their enforcement, and operating policy.

6. Will the location permit multiple use of facilities? If the church is located near to a neighborhood school, the possibilities for released-time religious education are increased. Some locations permit the utilization of community or school parking facilities.

Adequacy

Will the site be adequate? This question cannot be answered without considering the future as well as the present. In attempting to find an answer, the following questions should be asked.

1. Are there any restrictions against using the site for the purpose intended? The plats located in the recorder's office should be examined to determine whether any restrictions are a matter of public record. The deed to the property should be scrutinized to ascertain whether any limitations on the use of the property have been imposed therein. Public officials should be consulted concerning city ordinances, build-

ing codes, and zoning laws. These restrictions refer to the type of construction permitted, location of buildings upon the lot, use of the facilities, and the like.

2. Is the lot suitable for the type of building anticipated? The opinion of the architect should be secured. Perhaps borings should be made to determine the nature of the foundation to learn whether there are mines, waterways, or other weaknesses beneath the surface.

3. Can utilities be secured? It can prove to be very costly if existing sewers, water lines, natural gas, and electricity are not conveniently located.

4. Are there dangers from floods? The ground should be high enough to permit a dry basement.

5. Will there be adequate fire protection? Consideration should be given as to whether the site can be serviced by the local fire department.

6. Is there room for expansion? Planning should go beyond the satisfaction of immediate needs. Thought should be given to providing room for a larger edifice, a parsonage, an educational plant, and playground facilities. Excess land can be sold, but it may be impossible to obtain additional ground later. It is not unusual to think in terms of from one to four acres—or more—as the desirable size for a church.

7. Are adequate parking facilities available? The trend is toward more people driving automobiles to church; consequently, the lack of parking facilities may encourage people to go elsewhere. There is also a trend on the part of many communities to require off-street parking. As a result, the city officials may not sanction the use of parking facilities for the expansion of plant facilities. The amount of space allowed for parking cars will vary with the locality, but current restrictions permit a range of from six to twenty seats for every space allowed for a car.

COMPLETING THE TRANSACTION

The purchase of real estate represents a major expenditure. It is one that does not occur frequently enough for the average individual to become competent to handle alone. Consequently, an early consultation with an experienced lawyer may be the most important step in the entire procedure. Although the real estate broker may be honest, it must be remembered

that he is acting as the agent for the seller. He is obligated to protect the interests of the seller, which at times may be to the disadvantage of the buyer.

Preliminary Procedures

Survey of property.—If there are any questions about the exact location of the property, the land should be surveyed by a professionally qualified person. The owner's statement that certain trees are within the boundaries of the lot being sold will not make it true. If the land is not surveyed, any claims made by the broker or owner should be included as a part of the contract of sale. The cost of a survey should be paid by the buyer.

Appraisal of property.—The value of a piece of property cannot be estimated adequately by mere inspection on the part of an untrained purchaser. He can get a better evaluation by comparing it with other properties in the same locality that have been sold recently if information concerning the size of the lots and prices is available. However, a safer practice is to employ the assistance of a professional appraiser, who will make a careful study of the pertinent factors involved and render a written report reflecting his judgment. The appraisal can be arranged through a bank or a local loan agency. The cost of such appraisal should be paid by the buyer.

Abstract of title.—An abstract of title should be acquired in all real estate transactions. An abstract is a historical record of the property which states in summary form everything that has happened to it as title passed from owner to owner. It indicates whether there are unpaid taxes, pending court claims, assessments, unpaid bills, mortgages, and similar encumbrances standing in the way of the purchaser's obtaining a clear title.

Even though the seller has an abstract of title that was prepared at the time he acquired the property, the buyer should insist that the abstract be brought up to date. This is accomplished by employing a firm which specializes in making abstracts to search the public records. The cost of obtaining the abstract should be paid by the seller, and he is obligated to take the necessary steps to have the title cleared.

Attorney's opinion.—The abstract of title is written in language that is not understandable to the average layman. Sound practice indicates that the buyer should take the abstract to a competent attorney who will examine it carefully and render an opinion as to whether or not the seller is passing clear title. The cost of the attorney's opinion should be paid by the buyer.

Contract of sale.—A prospective purchaser of property should not put his signature on any papers until they have been examined by his attorney. Important items omitted from a purchase offer or earnest money contract may result in serious loss.

When the buyer is ready to close the deal, he should insist that his attorney be on hand to help in preparing the contract. It is not wise to depend upon oral agreements. All items of importance should be in writing. In order to be safe, the contract should include the claims and agreements made by the owner and his agent, the terms of the sale, the price to be paid, a legal description of the property, the disposition to be made of current taxes and pending assessments, when occupancy can occur, the nature of the deed, a statement to the effect that marketable title will be passed by the seller, and all other items brought to attention by the lawyer.

Deeding of Property

A deed is the instrument by means of which the title to property is passed from the seller to the buyer. It is a contract between the buyer and seller and must be in writing. In order to meet the legal requirements, it is advisable to have an attorney supervise its preparation.

The deed must be executed in the name of a person or an organization which has legal status. For this reason it is impossible for an unincorporated church, for instance, to hold title to property. If a church is not incorporated, the deed to its property should be made out to its board of trustees. Placing title to church property in the name of an individual is an unsound practice. It is much wiser to incorporate the church, which will give it legal status and enable it to hold property in its own name.

It is the seller's responsibility to affix Federal revenue stamps to the deed.

The seller of property warrants that he is the owner, that he has the right to sell it, and that there are no encumbrances against the property. He may execute either a general warranty deed or a special warranty deed. In a general warranty deed he guarantees that he will defend his title against all comers; whereas, in a special warranty deed he guarantees only that he will defend his title against anyone who claims to receive title from or through him.

Even though warranties are made, it may be desirable to purchase title insurance, which provides that the insurance company will defend title against claimants.

In case of the ownership of a home, attorneys recommend that the deed be executed in the names of both the minister and his wife, rather than in the name of the minister alone. There are certain advantages in case of death or suits that indicate that this is the better arrangement.

Safeguarding Title to Local Church Property

The fact that each congregation in a few religious bodies is an autonomous unit presents a problem in the handling or disposition of church property in the event of a division within the local church or the abandonment of property by the congregation. This is true because title to property is retained by the local congregation rather than being placed under the ownership and control of a central authority. A conditional deeding plan has been developed which enables the local congregation to hold title to its property and yet avoid the loss of property in case of adverse happenings. The plan calls for the insertion of a clause in the deed of the local congregation to the effect that title to the property shall remain with the local congregation so long as it exists and remains in fellowship and doctrinal unity with the parent church. If a group professing a different doctrine attempts to assume control, the property can be claimed through legal procedures by a central agency of the parent church. A local congregation should write to the appropriate agency of the parent church for legal guidance before the deeding procedure is undertaken.

Recording the Deed

When the deed has been properly executed and delivered to the buyer, he should proceed immediately to have it recorded in the appropriate town or county office. The contents of the deed are recorded in the public records, which serves notice to all interested parties concerning who is now the rightful owner. Recording the deed provides protection against a subsequent conveyance by the seller or loss or destruction of the deed.

Chapter 7

Building and Remodeling Programs

A building program originates in the felt needs of the congregation. It does not come as a sudden inspiration to the minister or the Sunday school superintendent. When the entire membership becomes aware of the crowded sanctuary, the overflowing Sunday school rooms, and similar indications of need, and reflects a desire to do something about the situation, it is time to take action. It is only with the wholehearted co-operation of the entire congregation that a successful building program can be completed.

BUILDING CONSULTANTS

Competent advice should be secured concerning the appropriate way to begin a building program. The department of church architecture of the general church body is a potential source. A congregation that has recently completed a building program is another. Other independent and inter-church advisory services are also available.

A building consultant could help with such matters as: organizing the congregation for carrying out the project, suggesting the things that should be done before an architect is engaged, planning a survey, and aiding in the selection of an architect.

ORGANIZING THE CONGREGATION

The larger the number of people who are included on the building committee, the better is its chance for succeeding in its task. This is true because no one feels that he has been neglected. Everyone is a participating member and the church is richer because of the use of diverse talents. Of course, a very large committee is unruly to manage, but this difficulty can be overcome by providing for many subcommittees.

The number of subcommittees will depend upon the size of the congregation and the number of tasks that must be completed. The members of the congregation should be acquainted with the nature and responsibilities of each subcommittee and allowed to indicate their first and second choices. Placement should be guided by interests and abilities. Individual congregations will want to vary the organizational structure to fit their local situations, but several subcommittees with suggested duties are described in this section.

Executive Subcommittee

The executive subcommittee should be composed of the pastor, the chairman of the building committee, the chairman of the finance subcommittee, the chairman of the study subcommittee, and the chairman of the construction subcommittee. It would tend to serve as a steering committee. As such, it would organize the other committees, co-ordinate their work, define responsibilities, and establish a schedule for the completion of each phase of the work.

The chairman of the building committee and the pastor would be ex-officio members of all subcommittees.

Study Subcommittee

The study subcommittee should be composed of members from every division of the church such as the Sunday school superintendent, the youth counselor, the chairmen of the music and worship committees, the president of the missionary society, and the president of the men's fellowship. It is important to have wide representation so that no phase of the work will be neglected. The purpose of this subcommittee would be to determine specifically the needs of the congregation and how they can be satisfied. This group needs to investigate the types of methods and facilities that have been successful in worship. For example, the Sunday school superintendent or director of religious education will want to meet with the teachers to get their assistance. They will need (1) to anticipate future enrollment to determine space requirements by studying population trends, the age and size of families, and so on, and (2) to study literature to learn the best practices in religious education relative to arrangement of rooms and toilet facilities, suitable equipment for all

ages, teaching practices, facilities for worship, and the like. They may wish to visit other churches and inspect their layouts and confer with directors of religious education. Each phase of the work of the church should be subjected to an intensive analysis so that the architect can be supplied with the information he needs in order to design a functional edifice.

Larger congregations may desire to have more than one group functioning in this area. If it is so desired, further subcommittees may be organized to study such phases of the building program as style of architecture, facilities for worship, the plant for religious education, rooms for fellowship and recreation, heating and ventilation, and landscaping.

Finance Subcommittee

The finance subcommittee might be composed of the treasurer of the church, the chairman of the board of trustees, and such other members as are needed. This subcommittee would have the responsibility of analyzing the available financial resources, planning the promotion for the financial campaign, enlisting workers, and conducting the financial campaign.

Construction Subcommittee

The construction subcommittee might be composed of a member of the board of trustees, the custodian, the legal counselor for the church, and such other members as are needed. This subcommittee would have the responsibility of recommending an architect and contractor to the church, investigating suitable materials and equipment, securing plans and estimates of cost, and working with the architect and contractor as the building is completed.

GETTING PREPARED FOR THE ARCHITECT

The architect should be consulted very early in the conception of the building program, but not before certain preliminary work has been completed unless he is also going to serve as a building consultant. The study subcommittee, for instance, should be in a position to tell the architect what the church needs. The architect can design plans to meet the needs of a congregation, but he is not in a position to determine what they are.

The subcommittee on finance should be able to reveal the approximate financial position of the congregation. The architect's plans must be realistic in terms of what the congregation can afford. The facts may indicate that the congregation is not in a financial position to build an edifice that will satisfactorily meet the existing needs; however, if the architect has been supplied with all of the information, he may be able to design a structure that can be built unit by unit as funds become available. Other preparatory steps are suggested by the Bureau of Church Building:

Study carefully how to utilize space and rooms to the best advantage; how to save costs by limiting ceiling heights and by deciding the proper and wise multiple use of rooms. You may also study the possibility of building by sections or units.

Write a complete check list of all requirements so that nothing desired will be omitted and so that changes will not be required after the building plans are started.

Write a building program in order that the architects may know of your requirements.

Write a detailed list of the equipment required for each room.¹

When the time has arrived to consult the architect, information should be on hand concerning potential sites. The architect can view the various lots and explain their advantages and disadvantages. He can suggest the possibilities for a basement or recreational facilities, necessary arrangement of the building upon the lot, the amount of grading required, and many other pertinent points.

Conducting a Survey

As a guide in the selection of sites a survey should be conducted. This may reveal that the present site is satisfactory or that another might be far more desirable. Further, the manner in which the survey is conducted will vary depending upon whether it is for an existing congregation or an entirely new parish. If at all possible, professional guidance should be sought, for the acquisition and interpretation of

¹*Church Building Leadership*, Bureau of Church Building, p. 5.

pertinent data require understanding and training beyond that available to most ministers.

The following procedure for conducting a survey should be viewed as a bare outline.

Become acquainted with the city.—A map can be secured from the chamber of commerce, which will show physical barriers such as rivers, railroads, parks, and industrial establishments. Conversations with long-time residents of the city will reveal psychological barriers such as race, economic strata, and religion. Short automobile trips can disclose the general atmosphere in terms of age of buildings, maintenance of property, cleanliness, and civic pride. Information concerning population trends, industrial development, residential building, highway construction, and existing churches can be secured from the city planning commission, the telephone company, the chamber of commerce, transportation officials, and church organizations.

Determine the boundaries.—The potential boundaries of the church's sphere of influence should be sketched on a blank map of the city. These boundaries would be determined with reference to the barriers and other information gathered in the above item.

Divide the area into units.—The area over which the survey is to be conducted should be divided into smaller units so that workers can be assigned to canvass specific locations. The number of areas will depend upon the number of people available to assist with the survey.

Prepare questionnaire.—A questionnaire must be prepared that will bring forth the information desired. Each survey requires a questionnaire designed to fit the specific situation. However, the general type of information desired is as follows:

1. The religious body with which the family is affiliated and whether attendance is regular or irregular. If members of the family do not attend church, information concerning their background would be helpful.

2. The economic level of the family. Questions concerning the occupation of the head of the household, how many of the family are employed, where they work, and whether they rent or own will help to supply this information.

3. The age of the members of the family. The interests of

older and younger people are much different. Many young couples suggest the need for more Sunday school capacity.

Canvass the area.—If enough workers are available, every house in the proposed area should be visited. In the event that the survey is to be conducted with limited personnel, the plan might be arranged to visit every other house or every third house. The results of the survey, however, tend to become more difficult to analyze and interpret when fewer houses are visited.

Assemble and interpret the data.—The value of the survey is lost unless the data are assembled and interpreted in a competent manner. The preparation of the right charts and graphs should help in developing relationships and understanding. Comparison of the data with available information relative to areas where other congregations of the parent church are located should prove fruitful.

Selecting an Architect

The current trend is to employ the services of an architect when an edifice is to be planned rather than to depend upon the limited abilities of the minister and the lay leaders. At one time the architect was avoided on the assumption that a savings could be realized by having a member of the congregation draw a set of plans patterned after another church in the neighborhood. The folly of this thinking becomes all too obvious when one visits some of the buildings remodeled under this philosophy. The buildings are not functional, and the design reflects no imagination. Too frequently mistakes have been rectified at great cost. The real tragedy is that with proper architectural advice and supervision these same buildings could have been beautiful and much more satisfactory at no added cost.

What the architect does.—The variety of services available through an architect is rather amazing to one who is unfamiliar with construction. In addition to serving as a building consultant in some instances, the usual activities of an architect include: (1) preparing preliminary drawings and sketches, (2) supplying material for publicity pieces, (3) preparing working drawings and specifications, and (4) general administration and architectural supervision.

How to choose the architect.—Architects are professionally trained. Most states require an individual to pursue an approved course of training and to be licensed before he is allowed to begin work as an architect. In addition, the following items should be noted in seeking the services of an architect.

1. Is he a member of the American Institute of Architects? The American Institute of Architects maintains a code of ethics to govern the conduct of its members and thus affords some protection against incompetent and unscrupulous individuals who attempt to practice as architects.

2. Does he know how to design a church? The designing of a church is very complex because the church must be suited for different types of use such as worship, education, and fellowship. Many architects have never had an occasion to build a church and might not be in a position to equal the work of those with experience in this field. To illustrate the wisdom of securing the services of an architect who has had experience with churches, the unhappy experience of one congregation is mentioned. The congregation "... was delighted with everything about its new church until the occasion of the first funeral service to be held in the sanctuary. Then it was discovered that the doors were not wide enough to admit the casket!"¹

3. Is the quality of his work satisfactory? When the name of a prospective architect has been secured, visits should be planned to several churches that he has designed. Inspection of his work will reveal his ability to design for specific purposes. Special consideration should be given to the variations he employs. Are all of the churches alike or does his work reflect originality? Information can be secured from members of these churches concerning whether they believed his work to be satisfactory and whether his estimates were realistic.

4. What kind of person is he? Conversations with the pastors and building committees will indicate what kind of person he is. Can he get along with people? Did he try to save them money or was he more interested in his gain? One architect believes the first qualification of a church architect

¹Porter Bower, "Spiritual Factors in Modern Architecture," *Protestant Church Administration and Equipment* (Winter, 1954-55), p. 17.

is his Christian dedication, for he cannot design that which he cannot feel.

5. Does he approach your problem in a competent manner? Building committees are warned against being sold upon the basis of a pretty picture or fancy drawings. These could be prepared by anyone without anticipating the needs of a specific congregation.

What his services cost.—The architect's fee is based upon the cost of the completed building. It usually ranges between 6 and 8 per cent of the final cost, including equipment and furnishings. The money spent for an architect's services is usually well invested. It is possible that the savings resulting from his efficient planning, selection of appropriate building materials, and supervision may compare very favorably with the cost of his services. In addition to these potential savings, the congregation has an edifice designed by a specialist to meet its needs. The satisfaction of having a worshipful atmosphere and a functional educational plant resulting from expert guidance cannot be easily measured in terms of monetary costs.

COMPLETING CONSTRUCTION

After the architect has completed the detailed working plans, the congregation may elect either to employ a contractor to build the church or to depend upon the pastor and lay leaders to perform the directing and guiding functions.

If a contractor is employed, the entire building process is greatly simplified. Neither the minister nor the building committee has an appreciable amount of responsibility. The usual process is for the architect to ask for bids, supervise all of the work, and make payments. The congregation has very little direct dealings with the contractor. If the members are not satisfied with certain aspects of the work, they take it up with the architect who then discusses it with the contractor.

Inasmuch as the architect ordinarily makes the arrangements with contractors, it should be expected that he will deal with reliable and ethical men. Nevertheless, the congregation should secure a building completion bond to protect itself against unexpected delays and extraordinary costs.

If the decision is to dispense with the services of a contractor, the congregation must be prepared to cope with many

unusual and perplexing problems. The remainder of this chapter deals mainly with some of the phases of the building program that will become the responsibility of the congregation in the event that there is no contractor.

Hiring a Superintendent

If a congregation has adequate voluntary workers to build the church but lacks competent leadership, it may be possible to hire a building superintendent. His responsibility would be to direct the volunteer workers and to see that all work conforms with the specifications prepared by the architect. In addition, he might be able to provide counsel in connection with letting contracts, securing materials, and similar problems.

This can be a risky way to proceed in a building program, for the superintendent is not personally subjected to the possibilities of financial loss. He may lack the incentive necessary to save materials, meet schedules, and seek the co-operation of contractors and volunteer workers.

The use of a superintendent from within the congregation has its weaknesses too. He may find it difficult to give orders, criticize mistakes, and seek greater output because he is a fellow member. He has to be more careful of the feelings of individuals, for he will not be leaving when the job is completed.

The Bureau of Church Building and Architecture has prepared an organizational plan to employ volunteer workers, which may be secured for a nominal charge. This is a matter worthy of consideration.

Providing Insurance

The congregation should carefully investigate its insurance needs during the time building activities are in progress. Employers' liability insurance ranks at the top in importance. Protection should be secured for both volunteer and hired labor. It is not wise to assume that the same insurance covers both types of workers.

Protection should be secured against fire, theft, and other acts of violence which may occur while the building is in process of construction.

Performance bonds should be required for contracts let to craftsmen. This practice will tend to protect the congregation against added cost when irresponsible contractors fail to comply with the terms of their contracts.

The type of policy which covers an edifice while it is in the course of construction is ordinarily different from that which is in force after it is completed. Care should be exercised so that the one does not expire before the other becomes effective.

Letting Contracts

Even though a congregation may plan to dispense with the services of a general contractor, there will be occasions when it may prove necessary to have contractors do certain phases of the work such as plastering, wiring, plumbing, or supplying materials. The usual practice in such cases is to ask three or more contractors to submit a price for which they will do the job. Only reliable contractors should be approached. In asking for these bids, the representative for the congregation should supply each contractor with the architect's specifications for the job so that all bids received will be based upon the same information.

When the bids are received, they should be studied carefully by the representatives of the congregation and the person who drew up the specifications. Items to consider when studying the bids include: (1) Are the materials in conformity with the specifications? (2) Is the bidder trustworthy? (3) Is there assurance that the work will be done on time and according to the specifications? (4) Is the price reasonable? The price is not the only important consideration, and it is not necessary to give the contract to the lowest bidder. There may be factors other than price that may indicate the wisdom of awarding the contract to one of the higher bidders.

A lawyer should assist in drawing up the contract. Items that should be included are the specifications for materials and workmanship, the bid price, a provision for a performance bond, time for completion, conditions for payment, and all other conditions considered important for satisfactory completion. Oral claims cannot be made a part of the contract unless there is evidence of a mistake or fraud.

Complying with Regulations

A congregation which has assumed the responsibility for planning its entire building program may find itself faced with an almost endless list of regulations or restrictions. The most common ordinances or laws are mentioned here.

Zoning laws.—As indicated in the previous chapter, care must be exercised in connection with the purchase of the property in order to conform with zoning laws. Typical points to consider include: Can a church be built in this area? Does the building have to be located a designated distance from the street or other buildings?

Building permit.—In most localities it is necessary to secure a building permit from the city planning commission or some comparable office. A sample case will illustrate the importance of complying with this regulation. Volunteer workers from a congregation dug the basement and installed a foundation before it was realized that a permit was essential. An application for a permit was rejected until the foundation had been removed, for the blocks that had been used in the foundation were not strong enough to carry the proposed building.

Building codes.—If contractors are hired, the congregation will not need to be concerned with regard to building codes. Each craftsman knows the code for his trade and realizes the importance of complying with it. An electrician, for example, will not use the wrong kind of wire or insulation, for he knows that upon examination by a building inspector his work will be rejected. He will either have to install new wiring or forego the payment he was to receive.

There are building codes which pertain to wiring, plumbing, heating facilities, exits, sanitation and health, fire prevention, and other aspects of the building. These may be imposed by state, city, or county regulations. If the members of the congregation are uncertain concerning these codes, they should seek guidance from the city or county building inspector.

Right of way.—In some instances permission may have to be secured in order to gain access to the highway or to enable power lines to reach the church.

Building Materials

The selection of building materials is partly determined by building codes. The framing, for instance, must be adequate to carry the weight of the building. This is a matter of engineering which should be left to the judgment of an architect or competent contractor. Costly revision may be necessary if professional guidance is not sought at the outset.

The funds available will influence the choice of materials. Low initial costs, however, may be less important when evaluated in relation to later maintenance costs. A frame building is less expensive to erect than one of bricks or stones, but when it is compared with reference to the frequent painting and maintenance costs, length of life, and appearance, it may be far more costly. The initial cost of asphalt shingles is far less than that of copper, slate, steel, or aluminum roofing, but when considered in relation to replacement, safety, and beauty, the savings may appear to be less significant.

Specific information concerning materials for construction can be found in *Planning and Building the Modern Church* by William Ward Watkin, F. W. Dodge Company, New York.

In purchasing sizable quantities of materials, it is considered sound practice to secure several estimates of cost. The prices for the same quality of material may differ considerably from one supplier to another.

Chapter 8

Financial Campaigns

The message of the Christian church has been reaching more and more people each year, but progress would be even faster if adequate funds were available. The failure to use practical and efficient methods to raise money and the lack of sound stewardship education are two of the most important reasons for the low financial status of most congregations.

Every congregation faces annually the problem of raising funds to finance the program of the church, and nearly every congregation, at one time or another in its history, finds itself in the midst of a financial campaign to construct a new building. Therefore, these two important events provide the basis for the following discussion.

EVERY-MEMBER CANVASS

The every-member canvass is suggested as a most effective way of raising income to meet annual expenses. A minister who desires to initiate the use of the every-member canvass should discuss the matter with key members of his congregation. An impressive way to attract their interest is to suggest a study of the financial potential of the congregation.

Financial Potential

The financial potential might be defined as the amount of income that the church would receive annually if every wage earner gave 10 per cent of his income. Of course, many people feel the need to give more.

The approximate potential can be determined through the use of a committee composed of individuals who are acquainted with the members of the congregation, the wage scales in the community, and the places of employment. The committee is asked, first, to list on a working paper the name

of each individual who is a member of the congregation and is a wage earner. The names of wage-earning women and children should be included. Second, in columns after each name, the place of employment and occupation, the approximate earnings, and the tithe of 10 per cent are entered. Third, the column in which the estimated tithes are entered should be totaled. This total represents the financial potential of the congregation. The size of the amount might come as a pleasant surprise to those making the calculations, but it merely supports the findings of those who work continuously with church finance.

Stewardship.—The attainment of the congregation's financial potential depends upon the program of stewardship education. Too much emphasis has been placed upon giving money to meet the needs of the church rather than upon giving to meet the spiritual needs of the individual. People who give generously and sacrificially are happy, growing Christians. Congregations composed of generous givers are growing churches and have a minimum of financial problems.

It is not the intent herein to tell the minister how to teach stewardship, but emphasis is being placed upon the topic because it is fundamental to the successful completion of the business of the church. The manner in which individuals act as stewards reflects their attitude toward spiritual matters.

Organization.—Although the ideal situation is to develop the stewardship of the congregation to the extent that the tithes more than meet the amount needed for current operating expenses, the usual practice is to determine the amount needed and then try to raise the necessary funds. If this practice is followed, it is necessary for the budget committee to make an analysis of the operations of the church and prepare a detailed report covering the needs for the ensuing year. The development of the budget is discussed in detail in a later chapter.

Canvass Committee

A special committee, in addition to the budget committee, should be appointed which would be charged with the responsibility of conducting the canvass. The pastor should be an ex-officio member of this committee. Its chairman should

be a layman. The number of people on the committee will be determined by the size of the congregation and the amount of work to be done. Ordinarily it would be desirable to include on the committee such individuals as the treasurer, the financial secretary, the church secretary, one or more members of the board of trustees, and representatives from the missionary society.

This committee may function as a group on each phase of the canvass, or it may decide that a subcommittee should be appointed to assume responsibility for specific functions. The latter plan would be suitable for larger churches which have more personnel with which to work. Regardless of how it is organized, this committee should be responsible for preparing a list of the prospects, providing publicity, selecting and educating canvassers, scheduling meetings, providing materials, and supervising the canvass.

Listing the Prospects

A duplicate card file of all prospects should be developed. One file would be retained at the church at all times, and the other would be used in conducting the canvass.

Each card should contain the individual's name, address, participation in church activities, and pledge for the preceding year. In many cases it is desirable to include information such as: What is the status of the pledge for the preceding year? Is it current or in arrears? Does the individual oppose pledging? Should the pastor or a key leader contact the individual?

A card should be prepared for children and young people in many cases. Not only do these individuals have income of their own, but it is desirable to cultivate the stewardship habit early.

Providing Publicity

It is the committee's responsibility to announce the canvass and plan the strategy of the campaign. The committee may request the pastor to deliver several stewardship messages just prior to the canvass. Brief items might be included in the church bulletin, the church newsletter, and the local newspaper concerning the approaching canvass.

A letter might be sent to each prospect acquainting him

with the program and the needs of the church, indicating the date of the canvass, and requesting him to plan to be at home at that time.

Selecting Canvassers

The individuals who conduct the canvass should be the most qualified people available. They need to have self-confidence, the ability to meet people, and a willingness to serve. They should represent all groups in the congregation including the youth and women. The number of people needed will depend upon the number of calls to be made and the distance the prospects live from the church.

In choosing the canvassers it is desirable to screen the entire congregation and select those that appear to be best qualified. Factors to consider in selecting these individuals might include, in addition to the points mentioned in the above paragraph, such items as their (1) regularity in church attendance, (2) regularity in making contributions, (3) personality, and (4) reputation. Letters should then be sent to those chosen requesting them to serve and giving the time and place of the first meeting.

Educating Canvassers

A very important phase of the every-member canvass is the orientation of the workers. Even though the every-member canvass has been in use for several years, there will always be a few canvassers who are participating in the program for the first time, and those who have helped before need to have certain information brought to their attention.

The initial meeting of this group might well occur after a dinner or refreshment period prepared in appreciation for their willingness to serve the church. The pastor should present a few inspirational remarks concerning stewardship. He should let the canvassers know that they are a select group, having been chosen because of their interest and abilities, and impress upon them the importance of their work.

The chairman of the committee, or some qualified person, should give information to the canvassers concerning the budget of the church so that they will be prepared to discuss it adequately with the members of the church.

Duplicated instructions should be prepared telling the can-

vassers what to say at the door, how to approach different individuals, how to avoid difficult situations by anticipating questions, and how to meet criticism and excuses. One common excuse heard is that the individual does not believe in making pledges.

"I don't believe in pledging." This is one of the most common excuses and is the most untrue. What is a pledge? For our purposes here a pledge is: a commitment to a responsibility to which a man says, "God helping me I'll keep." In this land of credit and free enterprise we live by pledges to each other. We make a commitment to some institution or person when we finance a house, an automobile, a washing machine, a TV set or some other household item. We made a commitment when we said "I do" and accepted the responsibilities of married life. We live by promises. We say to the electric company that if they will furnish power to our home we will pay the bill when it is presented. When we were converted we said we would do anything if God would forgive us and make us his own. No greater promise has been made by any man. From the time we reached maturity our lives have been a series of pledges. How can a man say he does not believe in pledging when he does it every day? If we make a commitment to the auto company, the furniture man, the banker and many other concerns but refuse to make a commitment to God we have acted in a way to dishonor him. Even the person who refuses to pledge a share with others is making a pledge. He says in spirit, "I pledge not to do anything. After I pay my personal obligations, buy the things I want, do the things I want to do I don't have any left. So don't count on me."¹

The following ideas should be incorporated in the written instructions:

1. Each canvasser should make his pledge before requesting another to do so. An individual cannot expect others to do that which he is not willing to do himself.
2. The canvassers should go in pairs. Perhaps a husband and wife might go together, or it might be desirable to have an experienced person work with one that has had no prior

¹Charles V. Weber, "Thoughts About Giving," p. 8.

experience. Past history indicates that far better results are achieved when men work in pairs rather than working alone.

3. Each team should be responsible for approximately ten calls.

4. The canvassers should select the cards of the people upon whom they are to call. In order to facilitate the contacts, some canvasses are organized into geographic units; however, it is recommended that the canvassers be directed to select cards of individuals who are in their own economic strata.

5. Each team should be responsible for its own supplies.

6. The subscriber should be requested to sign his own card.

7. Pledges should be made in terms of weekly payments. The amount sounds smaller; as a result, larger pledges can be acquired.

8. All contacts should be made by person-to-person solicitation. Pledges should not be secured over the telephone or through the mail.

9. Pledge cards should not be left with the subscriber. If he is uncertain concerning the amount he should pledge, the canvasser should suggest that he pray about the matter and arrange to call back at a convenient time.

10. The interview should not be conducted too quickly. Extra time should be spent with the less active members.

11. Information should be noted after the interview on the back of the pledge card relative to any criticisms or suggestions.

In addition to preparing mimeographed instructions informing the canvassers how to conduct an interview, the proper approach might be demonstrated by the pastor and the chairman of the committee. Then, some of the canvassers should practice on each other while others observe. This should be followed with constructive criticism.

The canvassers should go away from the meeting feeling very enthusiastic concerning the program of the church and the part they are playing in it. They should be able to carry some of this optimism to the people they are to visit causing them to feel that it is a privilege to contribute to the work of God. There is no need for workers to feel apologetic as they contact God's children for money to carry out his work.

Scheduling Meetings

In addition to the training meeting or meetings described above, the committee should schedule the following meetings.

1. A loyalty dinner.—Some congregations have found it expedient to hold an annual dinner meeting during which the budget for the next year is approved, the progress of the church is related, and the people are prepared for the beginning of the canvass. Those responsible should strive to make this meeting a period of rich fellowship and enlightenment.

The cost of the dinner might be made a budget item to be paid out of operating income, or part of the expenditure might be recovered by taking an offering following the meal. Regardless of how it is handled, the amount spent is well invested in terms of public relations and morale development.

2. "Kickoff" dinner.—A "kickoff" dinner or luncheon may be planned for the canvassers just before they begin their work. The menu may consist of nothing more than chili, coffee, and pie, but the period of fellowship and worship which the workers share as they prepare to make the canvass is invaluable. Following the luncheon, the men should select the names of the people that they are to visit.

3. Report meetings.—Two or more report meetings should be scheduled. The first meeting should occur on the afternoon or the evening of the day on which the canvass is to begin. The second meeting should be scheduled for one week later, giving the men an opportunity to make follow-up calls at the homes where people were away on the first day. It is suggested that light refreshments be served at each of these meetings.

Providing Materials

The committee should be responsible for providing any materials that may be needed by the canvassers. In addition to the duplicated instructions and cards on each prospect, pledge cards should be prepared for the contributors to complete. A typical pledge card is shown on the next page. This form is designed to avoid giving an impression that the pledge is legally binding. Of course, the individual is morally obligated to comply with the pledge if circumstances permit.

No. _____ Date _____ In grateful recognition of the spiritual benefits received from _____ Church, I promise to give during the coming year as my fair share. FOR CURRENT EXPENSES and FOR BENEVOLENCES } \$ _____ Weekly Until Further Notice Name _____ Address _____ (It is understood that this subscription may be revised or canceled should circumstances make it necessary.)	Canvasser
--	--

Pledge card

41	Sept. 25, 1955	41
Weekly Offering Amt. \$ _____		
—FOR—		
_____ CHURCH		
NEW YORK CITY		

Contribution envelope

Envelopes in which the donor can place his weekly contribution should be acquired. These may be distributed at the time the pledge is secured, or they may be mailed following the completion of the canvass. A typical contribution envelope is also shown here. The number forty-one is the identification number assigned to the donor. The identification number is important to the church, for it provides a method of recording who makes each contribution even though cash is received rather than checks. It is of value to the donor, for the church can provide a receipt to support a deduction on a Federal income tax return.

Supervising the Canvass

If the committee has functioned effectively, the following events will have occurred prior to the day of the canvass:

1. The members will have been acquainted with the objectives toward which they are asked to give. They will have a copy of the budget.
2. Publicity material will have been sent paving the way and indicating when the canvassers will be making their calls.
3. The pastor will have delivered his stewardship sermons so that there will be a spiritual awareness of each person's responsibility.
4. The canvassers will have been selected and know what is expected of them.

The canvass should be scheduled for a Sunday afternoon. The workers ordinarily will not be working on Sunday and can participate in the canvass and the members can be at home to meet them. After eating lunch together on the day of the canvass, the workers should make as many calls as possible during the afternoon and return for the report meeting which would be scheduled for either before or after the evening service. The canvass should begin on time and end on time.

Someone should be requested to remain at the church to receive telephone messages relative to problems that arise and to receive the reports as the men return upon the completion of their assignments. As the reports are received, a record should be maintained of the calls completed so that the cards of those prospects who were not at home during the day can be used in the follow-up program.

Those individuals who were not at home on pledge Sunday should be approached as soon as possible, preferably during the following week. The same canvassers might do the follow-up work, or it might be completed by another group of men who were prevented from participating because of having to work on pledge Sunday. Even though the budgeted income has been reached, the canvass should continue until each person in the congregation has been given an opportunity to share in the financial program of the church.

Following the Canvass

After the canvass has been successfully executed, the committee should complete its assignment by:

1. Informing the congregation of the results of the canvass.
2. Expressing its appreciation to each worker.
3. Sending a note of thanks to each contributor.
4. Filing data and samples for future reference.
5. Providing for envelopes to be supplied to members who begin attendance during the fiscal year.

BUILDING FUND CAMPAIGN

The same basic methods employed in the every-member canvass apply in conducting a building fund campaign. However, owing to the larger amount to be raised and to the infrequency of such events, a few additional items need to be considered.

Suitable Time for the Canvass

There is no best time for conducting a building fund campaign. It has been suggested that funds should be raised during periods of prosperity when incomes are high, but some authorities believe that money can be raised for church use at almost any time other than during a deep depression like the early 1930's. Just as important as economic conditions are such factors as the popularity of the minister and the rate of growth of the church. A growing church with excellent leadership represents an excellent combination for initiating a campaign.

A question may arise as to whether the campaign should occur before or after actual plans are made for a new building. Arguments could be advanced for either position; however, if the campaign is conducted during the research stage and before any plans are definitely agreed upon, there is less chance of meeting opposition from disgruntled members. A building cannot be constructed that will meet the hopes and expectations of every member of the congregation. If the campaign is conducted after the plans have been decided upon, some people may not be quite so responsive because their pet ideas were not accepted.

Another way of determining whether the time is right to

start a campaign is to determine the answer to this question: Does the congregation feel the need for supplying new facilities and will it accept the responsibility even though sacrifice is involved? If the congregation is uncertain, the time is not right. The pulse of the congregation can be determined very informally, but there should also be a resolution on record in the official minutes expressing the wish of the congregation.

Procedure for Conducting the Campaign

Setting the goal.—One of the first steps in conducting a campaign is to set the goal to be reached. The goal should be such that sacrificial giving will be required in order to reach it. However, it should not be so high that the congregation will become discouraged by not attaining it.

The ability of the congregation will set the top limit for the goal. The capacity of a congregation is determined to a great extent by the income of its members and their habits of giving. If these are to be used as guides in helping to set a goal, the records of the church should be carefully examined with reference to: (1) total income, (2) trends in giving, and (3) the contributions of individual members. Inexperienced individuals may have difficulty in analyzing these data, but professional fund raisers have developed rough guides through much experience. For example, some authorities believe that a congregation can afford to spend six to seven times its annual income for an edifice. One recommends that at least four sevenths of the total cost should be raised before the construction of the building. George A. Lundy has a much more complicated formula. In the case of medium-sized congregations, he would: (1) multiply the number of members by \$70; (2) multiply the budget by three; and (3) add these two results together and divide by two. This would indicate roughly how much the congregation should be expected to give. Leach states that churches with small budgets can use a higher multiple than churches with larger budgets. For example:

If the local budget is \$10,000 per year, you might expect to raise \$40,000, or four times the local budget. As the budget goes higher the figure goes down. A church with a budget of \$40,000 could probably raise \$120,000; a

church with a \$100,000 budget could anticipate \$250,000 to \$300,000.¹

It should be remembered that these methods for determining a goal are rule-of-thumb guides and may not apply in a particular situation.

Organizing the building fund committee.—The financial organization for the raising of funds for a building requires a variety of talents. The available personnel may best be used by providing for one large committee with its members assigned to a number of subcommittees.

Executive subcommittee.—The executive subcommittee is responsible for the organization of the other committees. It acts as a steering committee by arranging schedules, co-ordinating all the separate phases of the program, and defining responsibility. It might well be the responsibility of this committee to analyze the financial position of the church, determine the goal, communicate with professional fund raisers, and investigate other related problems.

The chairman of this subcommittee should be appointed by the board of trustees. He should be a layman who has the confidence of the entire congregation. In addition he should be active in the work of the church and, if possible, be one of the largest givers.

The other members of this subcommittee might be selected jointly by the board of trustees and the chairman, or it might be agreed that the chairmen of the other subcommittees should automatically become members of this subcommittee.

Listing and evaluation subcommittee.—The listing and evaluation subcommittee is one of the most important groups in the entire campaign. It should be composed of those who know the financial position and earning capacity of the members of the congregation and are acquainted with wage scales in the community.

The first task of this subcommittee is to list the name and address of each prospect. The prospects are:

1. All wage earners in the congregation regardless of whether husband, wife, or youth. Each person should feel his obligation.
2. Contributing nonmembers.

¹William H. Leach, editor, *Church Management*.

3. Nonmember parents of youth who attend the Sunday school.
4. Friends of the church throughout the community who might be interested in helping.

Even though it might appear that an individual will not participate in the giving program, his name should not be omitted from the list. This may be the only time in the person's life that he will have an opportunity to help build a new church, and the idea might appeal to him.

The second task of this group is to analyze the financial position of each individual and estimate the amount that he should be expected to contribute. In arriving at this decision, consideration should be given to his giving habits, financial responsibilities at home, nature of employment, and similar information. The tendency might be to underestimate an individual's potential. Each person may have to sacrifice considerably in order to make it possible to have a new church, and if the amount expected of an individual is too high, he will usually not hesitate to say so.

There are individuals in most congregations who can afford to give larger sums than others. For this reason, it has been desirable in many campaigns to divide the prospects into two or more groups and classify them according to large or special gifts and general gifts.

Arrangements subcommittee.—The arrangements subcommittee should be composed of individuals who have a talent for planning dinners and taking care of miscellaneous details. This subcommittee should be responsible for planning the loyalty dinner, the "kickoff" dinner, and the refreshments for the report meetings.

Publicity subcommittee.—The publicity subcommittee should be composed of individuals who are familiar with publicity media or who possess creative ability. This committee should be responsible for providing such items as:

1. **A brochure.**—The brochure might include: the architect's sketch of the proposed building, a brief history of the congregation, pictures of the key personnel and organizations, a statement of future goals and objectives, proof of the need for a new building, and estimates of the cost. Brochures

used by several other congregations should be acquired for guidance purposes.

2. Newspaper materials.—The local newspapers will give free publicity if public-interest photographs and articles are furnished.

3. Publicity pieces.—Pamphlets, cards, letters, and similar small pieces might be prepared for mailing or distribution by canvassers.

4. Scale model of building.—One of the members of the congregation might be able to make a scale model of the proposed building to be displayed at dinners and at the entrance of the church.

5. Bulletin announcements.—Every opportunity should be utilized to keep interest alive. Frequent items in the Sunday bulletins might report progress or suggest specific memorial gifts.

This subcommittee probably should be responsible for inviting each member of the congregation to the loyalty dinner. This could be achieved by organizing a telephone brigade among the men and women of the church. This would be an ideal way to get the people thinking and talking about the project. The value of the spoken word should not be overlooked.

Recruitment subcommittee.—The solicitors should be recruited and trained in the manner described under the every-member canvass. In addition, these men should be organized in suitable teams. One group of men should be designated to solicit the large or special gifts and another to solicit the general gifts. A third group might be designated to solicit gifts from friends of the church. Leaders should be appointed for each group.

It is very important that the men who solicit the large gifts are themselves donors of large gifts.

Conducting the Campaign

The same general plan described for the every-member canvass may be followed in conducting the building fund campaign with the following modifications.

1. Prior to the loyalty dinner the pledges of the pastor, the building fund leaders, and certain selected prospects from

the large gifts section might be solicited. These would be the pace-setting pledges and should serve as an inspiration to others. Publicity should be given to these pledges. The names of the donors need not be mentioned, but the prayerful consideration prompting the gifts and the sacrificial nature of the gifts need to be related.

2. Instead of the pledge being made on an annual basis, the usual arrangement is to have the *weekly* pledge extend over three years. It is even better if this three-year period can be arranged so that it overlaps four tax years.

3. Instead of the solicitation being completed in one day as in the every-member canvass, the time may be extended over a period of from one to three weeks.

4. Solicitors are expected to attend every report meeting. If an individual knows that he is going to be called upon to report, there is more likelihood that he will have something to report.

5. Solicitors should be willing to tell how much they have pledged. Inasmuch as they will be visiting people in the same economic bracket, their testimony may serve as an inspirational challenge to others.

Experience indicates that large pledgers get large pledges. Therefore, the best givers should be used as much as possible.

6. If the prospect asks what is expected of him, the solicitor should be instructed to answer: "What you give is a matter for you to determine. No one has the right to tell you how much to give. We can, however, tell you that in order to have a new building we will each have to give a little more than we had expected. The amount we suggest might be smaller than you had in mind, but in going over the list of members and considering the total situation, the committee thought that if you could give \$ _____ a week for the next three years, it would help us to get the job done."

Some people might not like this approach, because it tends to exert some pressure on the donor. However, it has been effective in raising funds for churches, and there might be some justification for this kind of pressure in our society. For example, pressure has been brought heavily into American homes through various kinds of advertising. We are constantly "high-pressured" to drink, smoke, buy bonds, buy coffee, buy refrigerators, buy automobiles.

But the church and its leaders have been fearful to bring any kind of pressure to bear upon their people to give more. If people become used to high pressure all week on every hand and then meet a weak, timid challenge for spiritual things, religion will have lost much impact.

7. Canvassers should work on the assumption that everyone can give something. Even the widow gave her mite.

8. Special consideration should be given to the less active members and friends of the church. Interest should be not only in contributions but also in winning these people into more active participation.

9. Provision should be made so that the few who prefer to make a memorial gift of an organ or chimes rather than make a pledge may do so.

10. After the campaign is completed, the records should be inspected regularly to see who is falling behind with pledge payments. In some instances an individual will get so far in arrears with his payments that he may become discouraged and feel that there is no point in doing anything about the situation. The proper strategy is to encourage the individual to begin making regular weekly payments and, if conditions are suitable, to make up past payments at some future date.

FUND-RAISING COUNSEL

A relatively large number of firms engage in the business of directing appeals for funds to aid religious, educational, charitable, and related causes. Many of these firms specialize in raising funds for churches. All will assist in the building fund campaign, and some will organize the annual every-member canvaßs.

Frequently a congregation may be tempted to conduct the financial campaign to raise money for a new building with personnel within its own membership. It is true that this approach will avoid the payment of a fee to a professional fund raiser, but the savings involved may be far less than the actual cost of the decision. The real cost of using inexperienced personnel is the difference between what the church raises with its own personnel and that which it could have raised with professional counsel. No church should lull itself into believing that it can do as well as professional fund raisers.

A fund-raising organization does not solicit funds. It provides the leadership for the campaign. Experienced men analyze the financial potential of the congregation, set up the organization for the campaign, train the workers, plan the publicity, and supervise the solicitation. The chairmen for the various committees, the leaders for the teams, the canvassers, and all of the workers are selected from the members of the church.

Professional fund-raising organizations usually provide free consultation services and will indicate whether a campaign appears to be feasible. They are jealous over their reputation for the successful completion of campaigns and are cautious about accepting the responsibility for raising funds if it appears unlikely that the goal can be reached. This may be a selfish attitude on the part of the organization, but it is also to the advantage of the congregation. One organization feels that it cannot be of much service in a situation where the congregation has less than ninety wage earners. Another states that it is not practical to employ professional services if the amount to be raised is less than \$50,000.

Most organizations receive their compensation at a pre-determined fee which is based upon the size of the campaign and the amount of time that will be required to complete it. The cost of the service does not become greater when the goal is surpassed. The cost for conducting a campaign may range between 2 and 4 per cent of the objective. Bernard H. Lawson has pointed out that the entire cost of the campaign seldom exceeds the interest for two years on the same amount of money, had it been borrowed. And of course this money does not have to be repaid.

A number of advantages can be listed that result from the use of fund-raising counsel.

1. The minister has less responsibility. If the minister is expected to carry the responsibility for securing funds to build the new edifice, he will not have time or be in a position to provide the inspirational leadership that is so important.

2. The congregation need not impose upon a key layman. If the congregation decides to provide its own leadership, someone must be selected to act as director of the campaign. This person may have to give between one and eight weeks of his time in order to complete the project. Few men who

have the required executive ability can be away from their own personal responsibilities for that period of time even though they might be willing otherwise.

3. It is more difficult to organize a second campaign if the first is a failure. If a congregation does not succeed in its first attempt to raise funds, it may be years before enough enthusiasm can be created to justify another effort. The entire program of the church will be delayed accordingly.

4. The professional organization has experienced personnel. They know where to start and how to proceed with each step. If one man becomes ill, another is available to take his place.

5. The professional organization can exert pressure on the workers more effectively. The actions of a leader from outside the church are not so apt to be resented by the parishioners as would be the actions of one of their own members.

In some church groups national agencies provide a similar service for their congregations. It may be advantageous for smaller churches in particular to investigate that possibility of campaign leadership.

Chapter 9

Borrowing Money

A church today, even though it is highly respected in the community, often finds it both necessary and difficult to borrow money. Many institutions, as a matter of policy, avoid granting loans to churches. Several reasons why an institution may prefer to lend money to a commercial enterprise rather than to a church follow:

1. Most of the security offered by a congregation is one-purpose property. If the bank should have to take possession, it might find the property difficult to sell. Who has the need for a church? Further, an edifice has far greater value as a place in which to worship than as a commercial site; therefore, the bank's appraisal might be far less than the amount of the loan required.

2. Banks do not wish to incur poor public relations in the community by having to foreclose on the property of a church. If a bank is forced to take such action to protect its stockholders, its action might be resented by many community-minded citizens in addition to the members of the church, who might also be customers of the bank.

3. Churches, in general, are not noted for their efficiency in business affairs. Too frequently churches have failed to provide satisfactory methods to insure that funds will be available when loans mature or have waited until the maturity date before requesting an extension of time. It is rather unwise to wait until the day a note is due to ask for an extension of time.

4. The leadership of most churches is subject to frequent change. The bank may feel that future pastors or board members might not be so apt to conduct the affairs of the church in an acceptable manner.

SOURCES OF FUNDS

Sources Available to Churches

The fact that some institutions hesitate to grant loans to congregations should not be interpreted to mean that money cannot be borrowed by a church. If a congregation should find itself in need of money, it might consider the following institutions and individuals as possible sources for a loan.

From banks.—Banks probably have been used more frequently than any other institution as a source for loanable funds. They are conveniently located in most communities, and their interest rates compare favorably with other institutions. Either a long-term or a short-term loan can be negotiated through a bank.

A number of restrictions are imposed upon banks by their boards of directors and state and national banking authorities, which may make them less attractive to a congregation as a source of a loan. The limitations take the form of: (1) the amount of the bank's total investments that can be placed in real estate mortgages, (2) the length of time that loans can be continued, and (3) the relation of loans to the appraised value of property. All of these restrictions have a bearing upon whether a church can arrange suitable loan terms with a bank, but the third item is possibly the most significant. Typically, a bank may not be permitted to grant a loan for an amount in excess of 50 to 60 per cent of the appraised value of the property offered as security. As mentioned earlier, an edifice does not have a very high value for commercial purposes; therefore, the amount of the loan that may be obtained with an edifice as security may be far less than the amount needed.

More desirable loan terms may be arranged in some instances if the church can offer a parsonage or unimproved real estate as additional security. These items could be more readily sold than an edifice and would help to reduce the bank's risk. Another possibility is that a bank might lend money to a church provided that one or more individuals sign the note as security. In such cases the bank would be depending upon the credit rating of the individual as a final source of payment.

From individuals.—A number of congregations have been able to finance building projects with funds borrowed from individuals who were interested in receiving a larger return on their investment than could be earned from other institutions. Frequently these people have been members of the local congregation. If they do not have confidence in the congregation's ability to repay the loan, it is not probable that a bank will either. This type of loan has its limitations. For example: it may be more difficult to renew the loan upon maturity; individuals may wish to make loans for shorter periods of time; and members who grant loans may feel entitled to dominate or control decisions.

From insurance companies.—The possibility of borrowing from an insurance company should not be overlooked. Many of these companies have large reserves which must be invested, and occasionally churches have been successful in securing loans with an insurance company. The negotiations for such a loan may be conducted through a branch office of the company or a local loan correspondent for insurance companies.

A congregation may arrange a loan by using an insurance company as the source of payment. For example, an individual may be willing to grant a loan to a church provided that the congregation takes out an endowment policy on his life naming either himself or a member of his family as beneficiary. Thus, the congregation would make regular payments to the insurance company. If the lender of the money should live until the final payment on the endowment policy has been made, he would recover his investment from the proceeds of the insurance. If he should die before the expiration date of the policy, his beneficiary would receive the face value of the policy which would satisfy the loan.

LOAN INSTRUMENTS

Few institutions or individuals are willing to loan money without a written agreement being drawn up to cover the terms of the transaction. The document used most frequently is the note.

Notes

A note is a written agreement between the maker, the person who borrows the money, and the payee, the person

who grants the loan. The important elements of a note are: (1) the signature of the maker, (2) a specific time for payment, (3) a definite amount to be paid, (4) an unconditional promise to pay, and (5) the date. Other items normally included are the rate of interest, method of payment, and place of payment.

Notes may be classified as either demand notes or time notes. A demand note is one that is due immediately upon the request or "demand" of the payee¹ for payment. A time note, on the other hand, is one that is payable after a certain interval of time has passed. For example, a note with terms including the statement "due and payable thirty days after date" would be classified as a time note.

In the case of a church loan, the note should be signed by an authorized person as agent for the church. The signature should be written so that there is no doubt concerning who is the responsible party. For example, it is clear that the individual is not personally liable if a note is signed as follows:

First Church of Centerville
Centerville, Ohio
By John E. Doe
Chairman, Board of Trustees

Ministers are frequently asked by individuals in financial difficulties to endorse notes as cosigners. It would be unwise for a minister to grant requests of this nature, for he may find himself liable for payment if the maker is unable to pay.

Mortgages

A mortgage is a written agreement between the mortgagor, the person who borrows the money, and the mortgagee, the person who grants the loan, in which the mortgagor conveys title or pledges property to the mortgagee as security for a loan. The mortgage does not take the place of a note; it is given in addition to the note. The note is evidence of the obligation. The mortgage is evidence of the security pledged.

Real estate mortgages.—A real estate mortgage is one in which real property is pledged as security for an obligation. The mortgage and the deed to the property are ordinarily

¹The person to whom money is to be paid.

held in trust by the mortgagee until the debt has been paid. In the case of default, the mortgage gives the mortgagee the right to take possession of the property and to sell it in order to recover his investment. Both the deed and the mortgage should be recorded in the appropriate county office.

Chattel mortgage.—A chattel mortgage is one in which tangible personal property¹ is pledged as security for an obligation. Conditions vary from state to state, but in some instances the chattel mortgage permits the seller to regain possession of the property and resell it without resorting to court action.

INFORMATION DESIRED BY LOAN OFFICIALS

The length of time required to negotiate a loan may be reduced if the borrower can have all pertinent information readily available. The items of importance will vary slightly from one institution to another, but the following list is a fairly comprehensive outline of the information or papers that may be requested.

1. Record of income and expenditures. A bank, for example, may request a statement reflecting the income and expenditures of the church for a period of from one to three years. More than one year's income is desired in order to detect trends in giving.

2. Statement of financial condition. A statement of all the assets and liabilities of the church may be requested in order to observe the current financial position of the congregation.

3. A copy of the current congregational budget.

4. A resolution from the church. As a condition for granting a loan, some institutions will require proof that the congregation has authorized the borrowing of money. A certified copy of that portion of the minutes in which a resolution was passed authorizing certain individuals to obtain a loan on behalf of the congregation will meet this requirement.

5. A copy of the bylaws of the church with amendments to date.

6. Court approval. In a few states such as New York and Ohio, permission must be obtained from judicial authorities before a church can borrow money. In those states where this

¹Personal property includes such items as an automobile, furniture, tools, or clothing.

ruling is in effect, the church is expected to furnish proof of having complied with the law. An attorney should be consulted, for not all states are alike.

7. Description of the property. In the case of real estate, a copy of the deed may be requested in order to get complete information concerning the property.

8. Proof of ownership. An abstract of title or title insurance may be required as proof that the congregation has clear title to the property offered as security.

9. Pictures of the property.

10. An appraisal of the property.

11. Copies of building blueprints and specifications.

12. A cost estimate. The institution may request a copy of the contractor's bid.

13. A plan for financing the project. The granting of a loan may hinge very definitely upon the congregation's being able to offer a satisfactory plan for paying the loan as it matures.

14. Arrangements for paying taxes, insurance, and assessments.

AMOUNT TO BORROW

A congregation will ordinarily find itself limited in the amount of money it can borrow, but a word of caution is included for those who find money readily available. As a guiding principle, the church should plan to borrow the smallest amount with which it can complete its program. Only the most important needs should be included. It is often wise to postpone the purchase of certain items.

The amount that a congregation should plan to borrow will vary with the size of its building or remodeling program. Men who specialize in the area of church finance have some opinions which may be used as a guide. One survey reports that church finance officers feel the mortgage on new buildings should not exceed 37 per cent of the combined value of equipment, buildings, and real estate. One national board of church extension recommends that a loan should not exceed: one third the value of the property, two and one-half to three times the annual budget, or a maximum of \$200 per family within the church membership. Another source suggested that the building debt should be kept within 30 to 40 per cent of the total cost.

It is not customary to receive the entire amount of a construction loan in one lump sum. Frequently, portions of the loan are advanced as work progresses on the building and the architect's certificates regarding construction are received by the lender. Since the completed building will constitute the security for the loan, the lending agency will not want to have the amount of the loan outstanding to be greater than the value of the security at any time.

LENGTH OF LOAN

It is not wise to extend the payments over many years in order to have low payments. The total cost in interest can be reduced tremendously by paying off a loan over a period of ten to fifteen years rather than spreading the payments over thirty years. Many church finance officers recommend that a loan should not extend for more than eighteen years and that a loan for ten years is highly desirable. The burden should not be so great, however, that important financial matters, such as repairs and maintenance, have to be postponed.

PROVISIONS FOR REPAYMENT

Inasmuch as church property is not the best type of security for a loan because of its low appraisal value, institutions are frequently more interested in the income of a congregation and its general credit rating as the basis for the recovery of their investment. It is desirable to have income data for more than one year in order to show whether the trend of income is upward or downward. The income of a church is relatively stable. The credit rating will vary from church to church depending upon individual circumstances.

As indicated earlier, the question of whether or not a loan is granted to a church may depend upon a satisfactory plan for repayment. One method is to have payments on the loan coincide with the payments on pledges by members. Another method is to include an item in the annual budget for the purpose of amortizing the loan. Care must be exercised so that the payment does not burden the congregation too greatly. In the opinion of church finance officers, 35 to 40 per cent of the income of a church should be the maximum amount

that should be set aside for payments on a loan, including interest and reduction of principal.

In some instances, the entire amount of the loan falls due at the maturity date. This plan is not recommended. There is no immediate pressure to accumulate funds and, as a result, the final date of payment may arrive without funds having been assembled. A better plan would be to amortize the loan with fixed monthly payments. Each installment would include the interest to date and a part of the principal. This method of financing enables the congregation to reduce the amount of the loan so that the final payment is no more difficult to pay than the first. The total amount of interest is considerably less under this plan also.

When the congregation has a mortgage on its property, it is considered desirable to avoid other extended obligations. Many church finance experts feel that there should be no other indebtedness carried by the church. This would include second mortgages or notes for permanent equipment or other personal notes.

A clause should be included in the loan agreement enabling the borrower to make payments on the principal from time to time in addition to the regular installments provided in the contract. This feature may enable the borrower to reduce his total interest expense by (1) refinancing the loan elsewhere at a lower rate of interest or (2) paying the principal before maturity.

If possible, the borrower should avoid loan agreements containing a clause stating that the entire amount of the loan becomes payable immediately in case a payment is not made on time.

COST OF A LOAN

The cost of the loan will depend upon such factors as the risk involved, current market rates, and the length of time for which the loan is desired. The degree of risk involved can be reduced by supplying acceptable security, providing cosigners, reducing the size of the loan, and shortening the length of time over which the loan is to extend.

Market rates vary with economic conditions. As a result, one financial consultant may suggest that a loan be postponed until rates are more desirable. On the other hand, it is pos-

sible that a postponement in the program of the church may do far greater harm than the amount of the savings involved.

Interest rates vary from institution to institution at any stage in the economic cycle. It is recommended, therefore, that a church investigate several sources before committing itself. Rates vary in different sections of the country and it is not unusual for church loans to cost about 2 per cent more than commercial loans.

The length of time a loan is to run has a very definite relationship to the cost of the loan. For example, a loan of \$5,000.00 at 5 per cent to be amortized monthly over a period of ten years will cost \$1,364.80 as compared with \$2,920.00 for twenty years. The time is twice as long, but the cost is more than doubled. The *most expensive* way to pay for a major purchase is to pay as little as possible down and to stretch out the repayments over as long a period as possible.

The borrower should investigate the total cost of the loan. He may change his mind concerning a particular loan if he compares the total amount he must repay, including both principal and interest, with the amount he is seeking to borrow. The real cost of a loan is sometimes lost in the process of making "a small monthly payment." (An individual will need to know, for tax purposes, how much of the monthly payment is interest.)

The interest charge is the most important cost of a loan, but there are other expenses which may be involved. These might include: (1) a commission to a broker or the lender; (2) mortgage insurance; (3) fees for property appraisal, title insurance, recording the transaction in the county office, mortgage tax, and the like; and (4) the services of an attorney. The cost may range from almost nothing to hundreds of dollars depending upon the size of the loan, the agency making the loan, and related circumstances.

The terms of one loan may appear to be better than another because of the method used to pay expenses connected with the property offered as security. Some institutions pay the taxes and insurance on the property and include these expenses as part of the monthly payments by the borrower while other companies expect the individual to pay these expenses separately.

RESPONSIBILITY OF INDIVIDUALS FOR A LOAN

The financial responsibility of the members of a congregation for a loan depends upon the circumstances in each instance. If the church is incorporated, no individual has any responsibility provided that the loan is properly signed and authorized by the congregation or its chosen representatives. However, if a group of individuals should act as cosigners, they may be held personally responsible for the payment of the debt. Also, if an individual should obtain a loan for the church without proper authority, he can be held liable for his actions. If the church is unincorporated, those individuals who incur liabilities for the church may be held personally responsible.

COURT PERMISSION FOR LOAN

In some states such as New York and Ohio, a congregation is prevented by state law from mortgaging church property without a court order. An attorney should be consulted in order to comply with the state statutes. In general, the procedure involves: (1) filing a petition with the common pleas court, (2) publishing notice in the newspapers, and (3) waiting a designated period of time so that objections may be filed. Since this process may take from one and one-half to two months to complete, the congregation should initiate action early in order to avoid a delay.

Chapter 10

Church Bookkeeping

Regardless of the size of the church, a system of bookkeeping is essential. This need should be recognized from the very inception of a new congregation as attested to by a young minister who failed to provide for such a system and was later greatly embarrassed because he had no way to account for funds that had been received. The same attitude is held by experienced leaders.

The value of records is quite apparent to those who have had occasion to use them. There is general agreement that church financial records should provide a historical record of financial transactions, assurance that funds are used in accordance with the wishes of those accepting the budget and adequate internal control for funds handled.

PROCEDURE FOR HANDLING CASH RECEIPTS

One of the most important principles of accounting from the standpoint of internal control is that the handling of money should not be performed by the same person who has the responsibility of keeping the records. These functions should be entirely separate. In fact, in order to protect the individuals involved, as well as the congregation, measures should be installed to reduce the possibilities of the wrongful use of money and to avoid the type of situation that would give cause for suspicion. As steps in this direction, the following procedures are suggested.

1. Two or more ushers should take the offering to the church office. The money should be counted immediately by these ushers or by two other individuals charged with the responsibility.

2. Unidentified contributions, those not in envelopes, should

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be counted by the ushers in the presence of each other. A duplicate record should be made of these receipts on a form prepared for this purpose, which should contain a space for both ushers' signatures (see the offering report). One copy of this report should remain in the office for auditing and control purposes. The other copy should be given to the person responsible for recording entries.

OFFERING REPORT

Offering Contents:	Date _____
Currency	\$_____ Morning _____ Evening _____
Coins:	Other _____
Half Dollars _____	Total Attendance _____
Quarters _____	Condition of Weather _____
Dimes _____	_____
Nickels _____	_____
Pennies _____	_____
Checks:	Amount designated for: _____
_____	_____
_____	_____
_____	Signatures: _____
_____	Usher _____
_____	Usher _____
Envelopes _____	_____
Total _____	_____

Offering report

3. The money in the envelopes may be counted immediately or during the following day if conditions warrant it. Regardless of when the funds are counted, more than one person should be involved in the process. If these identified contributions are counted immediately, the following procedure might be observed.

- a) Open each envelope and count its contents.
- b) Compare the cash count with the amount written in the space provided on the outside of the envelope. If a slight difference occurs, change the written amount. If the discrepancy is significant, notify the contributor.
- c) Count all the money removed from the envelopes. Total the amounts written on the outside of the envelopes. The two totals should be the same.

- d) Enter the amount of the identified contributions on the prepared form (see Offering Report). If a contribution is received for a designated purpose, information should be recorded in the space provided.
- e) Give the empty envelopes to the office secretary, financial secretary, or the person responsible for recording contributions on the records of individual members (see Record of Giving). The report of the ushers is handled as indicated under Item 2.

RECORD OF GIVING

Identification No. _____

Name _____

Year _____

Address _____

First Sunday	Second Sunday	Third Sunday	Fourth Sunday	Fifth Sunday	Other	Other	Total
Jan.							
Feb.							
Mar.							
Total for First Quarter							_____
Apr.							
May							
June							
Total for Second Quarter							_____
July							
Aug.							
Sept.							
Total for Third Quarter							_____
Oct.							
Nov.							
Dec.							
Total for Fourth Quarter							_____
Total for Year							=====

Illustrative record of member contributions

If the ushers do not count the identified contributions immediately, they should prepare in duplicate a list of the envelopes with the identification number of each and the amount of the contribution as indicated in the space provided on the outside of the envelope. One copy of the list should remain in the church office, and the other copy should be given to the person responsible for recording transactions. On the following day the envelopes should be opened and the funds counted following the general procedure outlined in the above paragraph.

4. Although few contributions are received through the mail, a well-publicized system of giving receipts for such gifts should be installed. The members should be instilled with the habit of asking for receipts if they are not rendered promptly. These receipts should be prepared in triplicate on forms that have been numbered in advance. One copy should be mailed to the donor, one copy should be given to the person charged with recording financial transactions, and the third copy should be retained in the office for auditing and control purposes. Either the second or third copy may be used to record the contribution on the record of the donor.

5. Periodically, perhaps at the end of each quarter, a report should be sent to each member indicating the amount of his pledge and the amount paid to date and asking for notification in case of error. Care must be exercised so that an individual does not get the impression that he is being dunned or singled out because his payments are in arrears. Publicity should be given so that it is generally understood that the mailing of the quarterly report is a routine practice.

6. Members should be urged to use envelopes in making their contributions. Not only does this practice facilitate internal control, but it provides information for two other purposes. First, unless the individual gives by check or envelope, the church has no way of knowing the total amount of his contributions; consequently, it has no basis for preparing a receipt that can be used to support a deduction for contributions on an income tax return. Second, the preparation of the annual budget is simplified if information is available concerning the amounts pledged previously by each individual and the corresponding receipts.

Envelopes should be retained for at least one year.

7. The funds should be deposited at the bank as soon as possible. Most banks provide facilities for depositing funds received on evenings or Sundays. Money should not be transferred from one person to another without adequate checks, and the number of people in the process should be kept at a minimum.

If money is received for more than one purpose such as for the general budget and the building fund, it may be advisable to deposit the receipts in separate accounts. This practice may simplify the keeping of records, and there may be less temptation to use money reserved for the building fund to pay current operating expenses. Contributions should be used for the purpose designated, and precautionary measures should be in force to guarantee that this practice is being followed.

8. Consideration should be given to such items as providing a safe, bonding those who handle funds, and insuring against theft.

PROCEDURE FOR DISBURSING MONEY

The system for maintaining the records of a church should include measures to give assurance that all expenditures have complied with the wishes of the congregation as expressed in the budget. In order that this objective might be achieved, the following procedural steps are suggested.

1. Expenditures should not be made without authorization from the board of trustees.

a) Items that occur regularly and are provided for explicitly in the budget such as salaries, utilities, and retirement payments may have standing authorization; thus, specific authorization is not required each time one of these items becomes due.

b) Other expenses that occur irregularly such as an expense evidenced by an invoice for supplies, for example, must bear the written approval of the member of the board of trustees that has been designated to oversee that area of the work of the church. Such approval would indicate that (1) the goods have been received, (2) the invoice is accurate, (3) the expenditure is within the budget confines, and (4) the

bill should be paid. Many churches are negligent in respect to verifying that goods have been received.

c) Extraordinary items or expenditures in excess of a predetermined amount should be brought before the board of trustees for approval in one of its meetings.

d) Every expenditure should have written evidence supporting the transaction. Those incurring obligations for a church must develop the habit of asking for receipts, invoices, memorandums, and the like.

2. All expenditures should be made with prenumbered checks.

a) The person authorizing a payment and the person writing the check should not be the same. To safeguard the individual disbursing funds, as well as the congregation, every effort should be taken to eliminate the possibility of expenditures being made for fictitious obligations.

b) Sound business practice recommends that provision be made for having two individuals sign each check. However, this practice fails to achieve its purpose if (1) a number of checks are signed by either party in advance of their completion or (2) either person fails to examine the evidence supporting or authorizing the expenditure.

c) Each invoice supporting an expenditure should have written across its face: (1) the number of the check with which it was paid, (2) the word "Paid," and (3) the date. This practice facilitates auditing and lessens the chance that the invoice will be used to support another expenditure.

d) Invoices should be filed for future reference.

3. A consistent pattern should be developed for paying bills.

a) Checks might be written once a week or once a month, but the plan should help to establish a satisfactory credit rating for the church and permit the taking of cash discounts.

b) Expenses should be paid and recorded during the proper fiscal period. Invoices should not be predated or filed away until the next fiscal year in order to prepare a report indicating that all expenditures were in keeping with the budget.

PROVISION FOR AUDITING RECORDS

A common activity in the business world is to have a firm's records subjected periodically to an examination by a disinterested party to see whether transactions have been handled properly. From every indication it seems that this same practice should be followed by churches. First of all, it affords a measure of protection to the organization. It gives assurance to contributors that their gifts have been handled carefully and for the purposes intended. Second, it provides protection for the individual responsible for maintaining the records. He is relieved from the responsibility of inheriting books that might have been handled improperly, and the review of his work will tend to allay the criticism of suspicious onlookers.

The minister should not lean too strongly on the belief that due to the character of the individuals selected to handle the work of the church, there is no need for auditing. There have been too many instances where church funds have been used improperly to justify this position. The position taken in this handbook is that through the inclusion of numerous safeguards, the opportunities for the improper use of funds are reduced to a minimum. One of the major objectives of the audit, then, is to give assurance that the safeguards have been operative.

The audit should be conducted at least every second year. It is also desirable to have an audit before new officers are to accept their responsibilities.

The personnel selected to conduct the audit may be members of the congregation provided that they are qualified to perform the function. The capabilities of the members, the size of the congregation, and the amount of funds involved are factors which might be considered in determining the nature of the audit and the personnel to conduct it.

The audit should include careful examinations in the following general areas: Procedures for receipts and disbursements; reconciliation of cash balances on the books with balances confirmed with the bank; verification of original receipts and disbursement data with recorded data; tracing of annual report data to book records.

DUTIES OF A TREASURER

The duties which may be assigned to a treasurer vary considerably. The general pattern of responsibility is usually outlined in the bylaws of the organization; however, as the business of the church is executed, there is a general tendency to vest too much authority in the treasurer. Unless he is also a member of the board of trustees, he should be considered as an administrative officer and not authorized to make policy decisions.

The treasurer should execute his duties in accordance with sound business practices. He should be acquainted with commonly accepted matters of procedure. Pertinent points for consideration in this connection include the following:

1. The handling of funds should be kept separate from the recording function. Inasmuch as the treasurer is ordinarily expected to accept the responsibility for either the recording of transactions or the supervision of such work, he should not handle any funds whatsoever (see procedure for handling cash receipts).
2. It is customary for treasurers to sign checks and to be responsible for the recording of these expenditures. This is not a sound practice. These two functions should be separated in order to reduce the possibility of improper expenditures. If this procedure is followed, however, checks should be countersigned and the supporting papers examined (see procedure for disbursing money).
3. The treasurer should not use funds from one account to pay expenses that should be charged against another fund.
4. The treasurer should not write checks unless the expenditures have been properly authorized.
5. The treasurer should maintain records that will enable him to prepare reports and to give annual information to individual contributors for income tax purposes.
6. The treasurer should keep his records current. Chances for error increase as the recording of transactions are postponed.
7. The treasurer should reconcile the bank balance with his book balance each month.

8. Supporting papers for recording receipts and expenditures should be filed for future reference.

The treasurer should be more than a clerk, however. In addition to being responsible for the supervision or execution of the above-mentioned routine duties, the treasurer's position might involve duties of an administrative nature. Factors to consider in this connection include the following:

1. The treasurer might be assigned the responsibility of refusing to sign a check if such expenditures should exceed the amount allocated in the budget for a particular purpose.
2. The treasurer might be designated as a member of the budget committee. He is familiar with the income and expenses and can facilitate the work of the committee.
3. The treasurer should prepare reports as needed. As a minimum, a monthly report should be prepared for the guidance of the board of trustees, and an annual report should be presented to the general congregation. These reports should conform with the items included on the budget.
4. The treasurer might prepare an abbreviated report to be included in the church bulletin or newsletter monthly. People are interested in having up-to-date information concerning the work of the church.
5. The treasurer might be asked to render periodical statements to members concerning the status of their giving. Unless an individual keeps a record of his giving, he has a tendency to overestimate the amount he has given.
6. The treasurer should urge that a bond be secured for himself.
7. The treasurer should insist upon having his accounts audited.

It is recommended that the pastor avoid receiving money, paying bills, or recording transactions. The regular channels for receiving contributions should be well publicized. If individuals still insist upon giving money to the pastor, he should turn it over to the proper official and request that the donor be sent a receipt.

If a minister should be selected to serve as treasurer for a community organization or a state organization, he should follow the same precautionary measures suggested for a church treasurer. The fact that he is a minister does not excuse him from having his books audited and does not eliminate the need for a bond.

Chapter 11

The Church Budget

A church budget is a financial statement reflecting the estimated income and expense of a congregation for a designated period of time, frequently one year. Because of its importance in controlling the operations of an organization, it is sometimes described as a financial plan designed for the purpose of keeping the expenditures within the income. Although the church budget has both of these aspects, income and expense, the tendency has been to place so much emphasis upon the expense portion that its relationship to the income of the organization has not been fully recognized.

OBJECTIVES OF THE BUDGET

The objectives of the budget should be clearly stated in order to achieve the best results. There are three generally accepted objectives for church budgets.

First, the budget is a guide for the board of trustees to follow so that they can raise funds and pay expenses in keeping with the expressed wishes of the congregation.

Second, the budget is a device which can be used to measure progress and to guide operations during the year. A comparison of actual income with anticipated income at designated intervals within the year, for example, will reflect whether contributions are being made at the expected rate. It may prove necessary to alter the budget in view of the information gained at this time.

Third, the budget may be used as a means of implementing the stewardship program. When a comparison is made between actual contributions and that which might have been expected of the congregation, the results tend to reveal the pattern of giving and suggest action to be taken in religious education.

THE BUDGET COMMITTEE

The preparation of the budget is a very important function and should be entrusted to those who are well acquainted with the program of the church, its financial position, and the desires of the members. It should be a co-operative venture in which representatives from each phase of the work of the church participate. It is recommended that the budget committee include, by virtue of their offices, the pastor, the treasurer, the Sunday school superintendent, the director of religious education, the youth counselor, the custodian, and one or more members of the board of trustees. Additional appointments should be made so that all phases of the work are represented. A large committee is to be desired, for it enables greater representation and facilitates the formation of smaller groups to work on the various divisions of the budget.

The method of selecting the members of the budget committee should be included in the bylaws. If no provision has been made in the bylaws for this committee, the appointment of its members should be made by the board of trustees.

PREPARATION OF THE BUDGET

The steps in the preparation of the budget will vary from one situation to another depending largely upon whether a budget has been in use formerly and the amount of information available. If the church has previously used a budget, the following procedure might be followed:

1. Estimate the anticipated income.
 - a) Collect income data from preceding two to four years. Trends in giving and relationships between past pledges and budgeted income should be noted.
 - b) Consider factors which may be expected to affect future income such as:
 - (1) Economic conditions. What are the the business forecasts for the coming year? Is information available concerning possible strikes? What are the trends in the cost of living? Will there be any new places of employment?
 - (2) Changes in membership. Is there any evidence indicating that present members may move or

that new members will be coming into the congregation? How many of the younger members will be accepting positions and be in a position to contribute a greater amount? What would be the effect of death or retirement of current members?

- (3) Nature of the stewardship program. Has there been any change in the religious education program of the church which should be expected to affect giving?
 - c) List the estimated sources of income and the amount expected from each. This represents the amount of income that is anticipated for the purpose of paying expenses.
2. Estimate the expenses in terms of the anticipated needs of the congregation.
- a) Ask the person responsible for each phase of the church's work to submit a detailed statement indicating the estimated cost of the items required to carry out his program for the coming year. This list should represent the composite thinking of all the people in his department. There is a tendency for people to ask for more than is expected so evidence supporting the need for each of the items might well be included. In addition, the list should be arranged in the order of priority. Then, if adjustments have to be made in order to keep budgeted expenditures within anticipated income, the order of elimination will have already been determined.
 - b) Ask the treasurer to supply comparative information concerning the budget and actual expenditures for two to four of the most recent years and for the current year to date. A suitable form for assembling this type of information is shown on the next page. These data should indicate trends in spending and suggest whether the requests under 2a are realistic.
 - c) Divide the budget committee into study groups for the purpose of analyzing the information mentioned in 2a and 2b. For purposes of study and analysis, the Park Place Church of God, Anderson, Indiana, divides its budget into these phases: (1) giving beyond operat-

ing expenses; (2) salaries; (3) religious education; (4) upkeep and maintenance of buildings; (5) publicity, stewardship, and general supplies and equipment; and (6) robes, music, and supplies for worship.

Each study group should recommend to the committee the amount it feels should be allowed for each expense that falls within its sphere of responsibility.

BUDGET INFORMATION							
FIRST CHURCH OF CENTERVILLE							
Expenses	1955 Expenditures		1956 Expenditures		1957 Expenditures		1958 Proposed Budget
	Budget	Actual	Budget	Actual	Budget	Ten Months	
SALARIES							
Pastor	\$3,000	\$3,000	\$3,300	\$3,300	\$3,600	\$3,000	\$
Office	1,500	1,500	1,600	1,600	1,800	1,500	
OPERATING EXPENSES							
Utilities	80	83	85	89	90	92	
Sunday school supplies	100	50	50	55	60	54	
(Items omitted)							
Total	\$31,000	\$33,500	\$35,500	\$35,250	\$37,500	\$31,250	

Budget report form

Care should be exercised so that the same classification of expenses is used for both the budget and the accounting system. A general classification such as miscellaneous is meaningless and should be avoided.

- d) Have the entire committee act upon the recommendations of the individual study groups. It may be

come necessary to trim certain items to keep the proposed budget within the expected income.

3. Submit the proposed budget to the board of trustees.
4. Present the proposed budget to the entire congregation for adoption during the regular business meeting. The budget should be printed, or duplicated, and mailed to each member at least a week before the scheduled meeting. This gives each person an opportunity to study the budget so that he can ask questions and vote upon it intelligently. The vote on the budget should be by secret ballot. Three choices might be given: (1) to accept, (2) to reject, or (3) to accept with suggested modifications, which should be noted on the ballot. Although the suggestions might not affect the current budget, they should be noted by the budget committee for the following year. Those who plan the budget desire to know the specific points that do not meet the approval of individual members of the congregation. A budget which was accepted by one church is shown on the next page.

The procedure for developing the first budget for an existing congregation is slightly more complicated, but the same general process is followed. However, in the case of a new congregation or one that has an incomplete record of past income and expenses, the following procedure may be followed.

1. Estimate the anticipated income.
 - a) Assemble income data for one month.
 - b) Multiply the income for one month by twelve to get the anticipated income for one year.
 - c) Consider factors which may be expected to affect future income (see previous discussion).
2. Estimate the expenses in terms of the anticipated needs of the congregation.
 - a) Follow the previous suggestions where applicable (see 2a, page 123).
 - b) Assemble expense data for one month and multiply by twelve to get an estimation of the expenses for one year.
 - c) Follow pattern described in 2a and 2d.

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PROPOSED BUDGET

First Church, Home Town, Pennsylvania
For the year 1957 (In monthly totals)

	Actual 1957	Budget 1957	Proposed 1958
SALARIES AND ALLOWANCES:			
Pastor's Salary _____	\$ 325.00	\$ 325.00	\$ 325.00
Pastor's Allowance _____	75.00	75.00	75.00
Salary—Director of Christian Ed. & Office _____	232.50	210.00	245.00
Salary—Custodian _____	107.00	90.00	125.00
Car Allowance _____	35.00	35.00	35.00
Evangelists and visiting ministers _____	46.00	55.00	55.00
Associate Pastor _____	_____	_____	35.00
OPERATING EXPENSES:			
Utilities _____	83.00	80.00	90.00
Sunday school literature and supplies _____	50.50	50.00	55.00
Literature, tracts, etc. _____	30.00	35.00	35.00
Promotional materials and expense _____	22.50	35.00	35.00
Mimeo supplies _____	22.50	20.00	25.00
Janitor supplies _____	_____	_____	15.00
Office supplies _____	_____	_____	15.00
Miscellaneous supplies _____	57.00	30.00	30.00
Postage _____	29.00	25.00	35.00
Advertising _____	18.00	20.00	25.00
Music and choir supplies _____	12.00	12.50	12.50
Maintenance and repairs _____	34.00	55.00	50.00
Minister's pension _____	26.00	26.00	26.00
Insurance reserve _____	37.00	20.00	40.00
Nursery allowance and expense _____	4.50	15.00	15.00
Flowers, food, and refreshments, etc. _____	8.50	15.00	15.00
Athletic activities _____	18.50	15.00	20.00
Taxes _____	3.00	3.00	3.00
Bus expenses _____	_____	15.00	_____
CONTRIBUTIONS TO CHURCH PROJECTS:			
Missions and Benevolence _____	234.50	250.00	300.00
State Missions _____	198.00	200.00	125.00
Christian Brotherhood Hour (Our monthly rate) _____	74.00	70.00	70.00
Special Church Project _____	30.00	60.00	_____
Brother Church _____	25.00	40.00	25.00
Gift to Aged Minister _____	10.00	10.00	_____
College Fund (excluding gifts) _____	100.00	100.00	175.00
OTHER EXPENDITURES:			
Mortgage payments and Building Fund _____	1,016.50	561.00	1,100.00
Mortgage retirement reserve _____	_____	280.50	_____
Furniture, fixtures, and equipment _____	126.00	80.00	90.00
Church directories _____	8.00	5.00	8.00
Director of Christian Education to Convention _____	8.50	10.00	8.50
Unclassified _____	13.00	27.00	25.00
Donations _____	9.50	_____	10.00
Films _____	12.50	_____	8.50
Guatemala (Special offering and piano) _____	15.00	_____	_____
Lot _____	135.50	_____	_____
Monthly Total _____	\$ 3,292.50	\$ 2,955.00	\$ 3,381.50
Annual Total _____	\$39,510.00	\$35,460.00	\$40,578.00

Illustrative budget

3. Submit the budget for approval. It should be noted that this budget may have to be revised rather frequently to keep pace with the growth and changing activities of the congregation.

It might be advisable to avoid the use of the word budget until the group has become adjusted to the new program. Use such words as financial plan and financial study group for the people engaged in setting up the plan.

The major portion of the work of the budget committee is completed prior to the acceptance of the budget by the congregation. It is customary in some churches, however, for the members of the committee to serve for one year following the date of their appointment. They are then available to consider special problems concerning the budget which may occur unexpectedly. It might be the responsibility of the committee, for instance, to revise the authorized expenditures if it appears that the income will be less than had been expected.

EXECUTION OF THE BUDGET

It becomes the responsibility of the board of trustees, upon the acceptance of the budget by the congregation, to see that the business affairs of the church are conducted in accordance with the direction contained therein. It is not probable that the board will be able to control the flow of income, but the cash disbursements procedure should indicate that expenditures are not to be made unless provisions have been made for them in the budget.

The congregation may delegate authority to the board of trustees to make minor revisions in the budget such as to approve routine expenditures for utilities which exceed the amount budgeted; however, such information should be fully disclosed in the annual reports. On the other hand, extraordinary items not provided for in the budget, such as the purchase of new equipment or a lot, should be brought before the entire congregation for approval.

Periodically, perhaps once a quarter, the actual expenditures should be compared with the portion of the budget applicable to that period. For example, at the end of the first quarter the expenditures might be compared with one fourth of the amount allotted for the entire year. This practice should indicate whether there is a tendency to spend money too freely for certain purposes. The status of the accounts should be brought to the attention of the people responsible for authorizing purchases in order that restrictive

measures can be taken so that funds will not become depleted before the end of the fiscal year.

Care should be exercised in classifying expenditures. A descriptive statement should be prepared describing in detail the nature of the items that should be charged under each expense heading. This pattern should then be followed so that the accounts will be consistent from year to year for reporting and budgeting purposes. Needless to say, items should not be erroneously classified in order to fit the budget. If no provision has been made for the acquisition of equipment, it would be improper to classify the purchase of a check writer as office supplies or maintenance.

If it should become apparent during the year that anticipated income is going to fall short of the amount needed to cover the budgeted expenses, action should be taken immediately to alter the situation. Either the rate of giving must be increased or expenditures must be reduced. Circumstances in individual locations will tend to dictate the appropriate approach. It is suggested, however, that the congregation should not be tempted to follow the adopted budget and find itself unable to meet its obligations. If this should occur, the pastor should be among the first to be paid rather than the last. Under civil law unpaid salaries and wages have top priority in case a firm becomes insolvent. The same position probably should apply to the employees of a church.

Chapter 12

Correspondence and Filing

Ministers can find ways to reduce the amount of time they spend on correspondence and filing if they approach these routine matters in a systematic and cheerful manner. Many duties become bothersome and a burden merely because they have been postponed from day to day rather than attended to promptly.

CORRESPONDENCE

Correspondence is one of the minister's most useful means of communication. It brings to him words of encouragement, enlightenment, and direction. It carries from him thoughts of inspiration, appreciation, and commendation. It should be his servant rather than his master.

A Systematic Approach

It is probable that many ministers would enjoy receiving more letters if it were not necessary to answer so many of them. When there are numerous responsibilities facing a minister, it is very easy for him to neglect his correspondence. This is unfortunate, for failure to answer a letter promptly suggests lack of interest or carelessness. Ignoring a letter is discourteous. Some ministers have solved their correspondence problems through approaching them systematically. Such an approach might begin with a plan for receiving and opening letters.

Receiving routine.—A minister might ask his wife, or secretary, to place his mail upon his desk so that he might cultivate the habit of reading and answering mail under suitable circumstances. It is not likely that an efficient routine will result from leaving unfinished correspondence scattered in a half dozen places—on the living room table, in the pockets

of several suits, in the Bible, in the glove compartment of the car, in a brief case, and some on the desk.

Sorting routine.—The minister, or his secretary, should sort the mail into groups according to its importance. This should be done before mail is read. In this way, important correspondence can be given first attention. Then less important items can be handled as time permits.

Reading and answering routine.—Letters should be answered immediately after they have been read. There are several sound reasons for following this practice. First, it promotes efficiency through eliminating a second reading of the letter. If a letter is not answered immediately, its contents tend to become less vivid; as a result, an additional reading becomes necessary when the reply is composed. Second, the accumulation of unanswered letters tends to become annoying. The minister may be tempted to avoid his office with its waiting work. Third, an unanswered letter may haunt the minister as he goes about his work. He may find himself composing one reply after another without succeeding in getting the letter in the mail.

In order to answer a letter immediately, the minister might: (1) write it himself by hand or on the typewriter, (2) dictate the reply to a transcription machine, or (3) write brief notes on the margin so that someone can write the letter for him. Many letters require merely "yes" or "no" in a nice way or a relatively simple answer so it is probable that a good portion of the writing can be delegated to others.

If a letter cannot be answered immediately because data are not available, it should be placed in a separate group until the minister can secure the needed information or have someone get it for him.

From time to time the mail will contain informative mimeographed materials from the general agencies of the church, notices concerning conventions and meetings, and professional magazines and booklets. These, too, should be grouped according to their importance. Some may have immediate value only. They should be read and discarded. Others may contain source material for sermons and the like. These should be noted and filed for future study.

Ways to Lighten the Load

The fact that a church cannot afford to employ a secretary should not cause a minister to feel that he must perform all of the office functions himself. It is customary in many congregations for the Sunday school teachers, choir members, and pianists to perform their responsibilities without compensation. Is it not just as reasonable to expect an individual with training in shorthand or typing to make his talents available? If there is a lady in the congregation who is employed as a secretary or stenographer, she might be pleased to volunteer her services for one evening a week. Then, too, there may be one or more high school students with business training who would be glad for the opportunity to obtain some practical office experience by volunteering their services for an afternoon or two during the week.

If the minister develops a system of using volunteer office workers, he can plan his work accordingly. As he reads his mail, he can note briefly on the margin the ideas which the secretary will use to compose the letter. He may find it expedient to purchase a secondhand transcription machine at a reasonable cost. Then at his convenience, day or night, he can dictate the replies to his letters. This practice has several distinct advantages. For example, the volunteer worker does not need to know shorthand. Transcribing from the machine can be learned with a limited amount of practice. The transcription machine can be used in developing sermon materials as well. As a minister is reading a book, he may run across a thought or a quotation that he would like to preserve for future reference. If he has a transcription machine, he can simply dictate the title of the book, the page number, and the paragraphs that he would like to have typed. This information can then be transcribed on a card and placed in the file which the minister uses as source material for sermons.

One last point might be made in connection with the use of volunteer workers. It may not be necessary for all of the work to be done at the church or the minister's home. It may be more convenient for some of the work to be done in the volunteer's home. This may not be a desirable practice in some instances, for it is so easy to misplace materials.

Preparation of Letters

Appearance.—Each letter that bears the signature of the minister is in a sense his representative. Either consciously or unconsciously he may be judged by its appearance. The impact of a very important written message may be partly lost because of mechanical defects such as noticeable erasures, strike overs, uneven margins, incorrect spelling, and poor construction. A minister should be sure that every letter which bears his signature is neat, well constructed, and attractive to the eye.

Most of the defects in letters which mar their appearance can be eliminated through exerting a little effort. For example, if a minister is uncertain about the spelling of words, he should make frequent use of a dictionary. It certainly is no sin to be unable to spell correctly, but harsh judgment should be pronounced upon those who through carelessness neglect to use a dictionary. A similar attitude might be taken toward those who do not develop their ability to use correct punctuation and form.

The appearance of a letter can be aided through the use of appropriate stationery. Simple, dignified letterheads are usually preferred to those crowded with too many details which may detract from the message. A helpful practice is to develop a continuing relationship with a reputable printer and ask for his advice concerning the proposed changes in a letterhead.

The beginning.—The first sentence may be the most important part of the entire letter. Unless that first sentence captures the reader's attention, his mind may be elsewhere as he skims the letter and tosses it into the wastebasket. The question then is: How should the letter begin? One way is to link the message with current issues or known interests of the reader. The "you" approach is always better than the "I" approach. The reader should feel that he is going to benefit or that he can render some worth-while service.

The tone of the letter should be intimate and friendly. A salutation such as "Dear Brother Jones" would ordinarily be more acceptable than "Dear Sir."

The message.—An attempt should be made to get to the heart of the message as soon as possible. Interest, although

captured at the outset, can be lost by using six paragraphs to relate what could be told in one.

The letter should be written in a conversational manner. It is carrying a message from the minister to the reader. If the minister sees the recipient in his mind's eye sitting across the room, he will avoid the use of meaningless expressions. His sentences will be short, relevant, and to the point. He will want his remarks to be interesting rather than boring. He will not detract from the message in order to preach a sermon.

The message should be complete. If the reader is being invited to a meeting, all the necessary details such as time, date, and place should be included. If he is being asked to serve on a committee, the nature of the duties should be described. Supplying necessary information will reduce the need for future correspondence. If action on the part of the reader is desired, a motive should be supplied and a plan should be suggested.

The ending.—After the message has been delivered, the letter should be closed with a happy and confident tone.

Tips to the Minister

The minister can use correspondence effectively in connection with his pastoral duties. The following discussion suggests several avenues that should be explored.

1. The minister should write frequent notes of appreciation. The act that prompted them need not be of major significance. Any soloist, organist, or committee chairman would enjoy an occasional note of appreciation from the minister. Recognition given to some small kindness may spur a layman on to greater community service. Commending a youth because of his good sportsmanship in a game may impress upon his mind the value placed upon strong character.

A short note can often be as effective as a longer one. It may be written on the spur of the moment upon a pad carried in the minister's pocket for such a purpose. This type of note takes so little time, and the mechanics of addressing an envelope and placing the message inside can be done by another if the minister finds himself too busy to perform the entire operation.

2. In order to save time, the minister may design several

form letters that can be used for routine letters or messages. These can be made relatively direct and personal by composing beginning and ending paragraphs for each letter and instructing the secretary to use these along with paragraphs four, six, and nine, for example, from a certain form letter in answering a particular piece of correspondence.

3. Mimeographed materials can be used to good advantage by the minister. He can include notes of appreciation, commendation, and thanks in the Sunday bulletin or the newsletter. He can send out mimeographed instructions to committee members. In order to compensate for the impersonal nature of duplicated materials, the minister might: (1) write across the top in his own handwriting a statement such as, "Dear John, I hope that you will pay especial attention to paragraphs seven, eight, and nine, for they . . ." or use a note pad and write one or two sentences such as, "Dear John, here is a report that merits your close personal attention. Hope you will read it and let me have your reaction."

4. The minister should write letters containing inquiries, suggestions, and criticism to the general agencies which serve him. They are anxious to have his reactions to the functions they perform. It is better for him to express his criticism direct, rather than to complain to numerous people who cannot do anything to improve the situation. It is even possible that he may receive an explanation that would indicate that his impressions had been based upon erroneous information.

5. A minister should make judicious use of letters to public servants. Along many lines good government can be bolstered and encouraged with support from church officials.

6. Letters of recommendation should be written with genuine sincerity. If an employee does not measure up to expectations, a reflection may be cast upon the minister's honesty and judgment.

7. Some ministers include descriptive literature, tracts, and pictures in their letters.

8. Some ministers have engaged in direct-mail evangelism with satisfactory results. Letters written to people in the hospital, new arrivals in town, social misfits, and the like may be worth the minister's time.

FILING

Filing has reference to the preservation of correspondence, documents, forms, sermon outlines, and other items in a systematic way so that they can be readily found when needed. The plan developed for most church offices or personal ministerial files should be relatively simple so that the maximum benefit can be derived from volunteer assistance.

Correspondence Files

Possibly two files should be maintained for correspondence. One of the files would contain routine letters concerning the business of the church while the other would retain information pertaining to the pastoral work of the minister. This division is suggested in order that material which may be considered confidential may be kept separate from that which is available to various church workers.

The correspondence file should include items received that might be needed for future reference such as letters, reports, and invoices and a carbon copy of each letter mailed. Even though a minister answers his own correspondence, it is advisable for him to keep carbon copies of his replies on file. In case that he is misquoted or rumors indicate that a certain letter was written in an unkind manner, for example, he may be deeply grateful if he has a carbon copy in his files so that he can verify the matter for his own satisfaction or for others who may have approached him for an explanation.

Correspondence should be filed alphabetically in file folders tabbed to indicate their contents. These folders are of a standard size, nine by eleven and three-fourth inches, and are available in any office supply store. The folders should be stored in a vertical file, one that permits filing folders on their edge. These may be purchased from office supply stores.

The following simple rules should be followed in filing correspondence:

1. Place the most recent correspondence toward the front of the file.
2. File the item with its heading toward the left and the reading matter facing the front of the file.
3. File material regularly. Waiting until a more convenient time does not get the job done.

4. Discard useless material. Files should not be crowded with material of doubtful value.

Card Files

Important information can be filed or preserved for future reference in card files. Cards measuring three by five inches are suitable if a limited amount of information is to be recorded thereon. If more space is required, cards measuring four by six and five by eight inches are available.

The number of card files to be maintained will vary with the needs of the pastor and the congregation. A choice might be made from the following:

1. **Membership file.**—A card should be maintained for each person attending church. It might include for each individual such information as name, address, phone number, offices held in the church, a statement concerning his participation in church activities, comments concerning his stewardship habits, place of employment, and date of birth.

2. **Organizations file.**—A church with a number of organizations such as scouts, youth fellowship, missionary society, and men's fellowship may benefit by having a card on record for each containing information concerning its objectives, time and place of meeting, and sponsors.

3. **Officers file.**—A file containing information relative to names, addresses, and phone numbers of all officers and committee chairmen can be of value when desiring to communicate with key people in the congregation.

4. **Sunday school file.**—A file containing the name and pertinent information concerning each individual who attends Sunday school may be of value in keeping in touch with former students. Some congregations have no record of youth who have attended their Sunday schools in past years; as a result, many of these individuals are lost completely to the church.

5. **Prospect file.**—A minister may wish to maintain a file in which a card is included with pertinent information concerning prospective members for the congregation. This might include the names of people who have recently moved into town, people visited in hospitals or other institutions, and

people who have communicated with the minister in times of sorrow or need.

6. Birthday file.—A card file might be arranged in chronological order for all members in the church, the Sunday school, or some organization within the church. This information could be used for sending cards, in making pastoral calls, and the like.

7. Resources file.—Some congregations may find it desirable to maintain a file containing information concerning distributors of equipment and supplies, maintenance personnel in the community, printers, and the like.

8. Equipment file.—Cards that identify, give cost and date of acquisition, and give maintenance cost will aid in selecting replacements and preparing budgets.

9. Insurance file.—A card might be maintained for each insurance policy giving such information as the number of the policy, the name and address of the company, the expiration date, the amount of the premium, the face of the policy, and the items covered. This file is especially helpful if the policies are retained in a safe or safe-deposit box.

File of Important Documents

Deeds to real property, bills of sale and titles to personal property, insurance policies, incorporation papers, notes, and such items should be stored in a fireproof safe or file.

File of Contributors' Envelopes and Records

Envelopes in which contributions have been received should be filed numerically or alphabetically for one year; thus, for example, all of the envelopes received in 1957 would be retained until the end of 1958 before they would be destroyed.

The records on which the individual contributions are recorded should be filed alphabetically or numerically also. At the end of the year they should be removed from the file or binder and stored in a carton for three to five years. Most questions will arise within a period of three years, for they are needed mainly in connection with income tax returns, and the returns are not subject to investigation after three years unless fraud is involved.

File of Forms

It is suggested that a section of the filing space be reserved for including in manila folders such items as usher forms, interim report forms, ledger sheets, and contribution record sheets. If this practice is followed, the forms are readily available and in excellent condition. This plan has been used effectively for storing music, photographs, and similar materials.

Sermon File

The minister apparently needs at least two sets of files in connection with his sermons, one in which to file outlines and the other to hold resource material. The outlines may be filed by subject in manila folders in the same manner in which correspondence is handled. In addition, a minister may find it desirable to have some of his better or newer outlines arranged by subject in a loose-leaf binder. This affords him some protection in case he is asked to preach without advance notice. Each outline should contain space so that the date and place used can be noted.

A systematic file or record of sermons can assist a minister in planning his preaching program. The chart "Record of Sermons Preached" shows the device used by one minister to plan his over-all program and to record sermons preached. Under the heading "General Subject" space is provided to enter the topics which represent the most pressing needs of the congregation. In column one the number of sermons that should be preached on each topic during the first six months of the year should be entered, and in column two the same type of information should be entered for the second six months of the year. Obviously not more than twenty-six sermons can be delivered on Sunday mornings during any six-month period, including special days such as Christmas. Columns three and four provide space to enter the date on which the sermon was preached.

One of the most fruitful things that a minister can do in connection with his sermon preparation is to maintain files of resource materials. It is recommended that these files be developed in two parts. First, a vertical file with folders should be provided so that clippings, booklets, articles, poems, and related material can be filed according to subject. If a

		Morning		Sermons								
(1) From	September 1	19 55	to	February 28	19 55							
(2) From	March 1	19 56	to	August 31	19 56							
General Subject	No. of Sermons											
	(1)	(2)	(3)									
			(4)									
1. Stewardship	4	4	9/11	9/18	10/20	1/4	2/12	4/20	5/4	7/10		
2. Nature of God												
3. Personal Evangelism												
4.												
5.												
6.												

Record of sermons preached

wealth of material is available on a particular subject, folders may be provided for subdivisions of that subject.

In addition to the vertical file, a file should be maintained of cards containing ideas, quotations, or references to specific pages in books or magazines. For example, as a minister reads a book, he may discover a particular page or chapter that he would like to read again when he prepares a sermon on stewardship. A mental note may slip his mind. The book is too bulky to file in the vertical file. He could tear the pages out, but the book is too valuable to destroy. What should he do? One answer is to record on a card the name of the book, its author, and the idea involved. The card would then be filed in the card file according to subject. If it appears that the item could be filed under more than one subject, a cross-reference card should be filed for each possible topic and filed accordingly. This practice applies to material filed in the vertical file as well. It may take extra time to set up the files and maintain them in this manner, but not nearly so much time will be consumed in searching through folders, magazines, books, and drawers in search of sermon ideas.

Chapter 13

Public Relations

The effectiveness of a congregation as it works to improve the spiritual and moral life in a community is determined to a large degree by the manner in which it establishes rapport with the people. A church may have a message for the people; it may suggest a way of life that would be of interest to many; it may participate in events and sponsor activities of a worth-while nature. All of these things may be true; yet, if they are concealed from the general public in the name of humility, the church may never make its rightful impact. Instead of being revealed to a select few, the activities of the church should be given the prominence that they deserve. Justification for this attitude is supplied by the words of Jesus when he said, "A city that is set on a hill cannot be hid. Neither do men light a candle, and put it under a bushel, but on a candlestick; and it giveth light unto all that are in the house" (Matthew 5:14-15).

The term public relations is very broad in its implications. Not only does it refer to the publicity program of the church, whether organized or not, but it involves such activities as: the impressions made by the pastor, lay leaders, and individual members as they mingle either officially or unofficially with those outside of the fellowship of the church; the reception given to visitors in the church; the courteous response of the person who answers the church's telephone; and the interest shown in community affairs. Although all of these are properly considered a part of public relations, this chapter deals primarily with that phase normally referred to as publicity.

ORGANIZATION FOR PUBLICITY

In order that the publicity media available might be used to the best possible advantage, the church should assign defi-

nite responsibility for this function. The size of the congregation and the variety of its activities will indicate whether the work can be done more effectively by an individual or by a committee, but one suggested arrangement is to appoint a committee composed of a chairman and a reporter for each subsidiary organization within the church. This plan would provide for two important elements of a publicity program: (1) all items could be cleared through one person, the chairman, and (2) complete coverage of the activities of the church would be assured by having reporters placed strategically within the various interest and working groups.

The chairman of the publicity committee is a very important person. An individual with experience in public relations, advertising, or journalism would seem to be well fitted for the job. In the absence of a person with any of these qualifications, perhaps some woman from the congregation could handle the job well, if she were free from employment and large family responsibilities. The responsibilities of the chairman might include such activities as:

1. Allocating the work among members of the committee.
2. Getting acquainted with representatives from the local newspapers and radio stations.
3. Learning the procedures to follow in presenting items to a newspaper or radio station.
4. Becoming familiar with deadlines to meet in submitting material.
5. Inviting newspaper and radio representatives to important events.
6. Sending luncheon tickets to radio and newspaper representatives.
7. Seeing that representatives from the newspapers and radio are:
 - a) Seated next to an individual who can answer questions accurately and in detail.
 - b) Supplied with a program, biographical materials, copies of speeches, and pictures.
8. Conferring with the pastor and preparing him to meet with representatives from the radio or press.
9. Approving all publicity items before they are sent to the press, radio, printers, and the like.

PUBLICITY THROUGH NEWSPAPERS

News Releases

An effective way to obtain free publicity is to provide the newspapers with information concerning newsworthy events. More church news would find its way into local newspapers if ministers were aware of what constitutes news.

The editor endeavors to print news items that will be of interest to the people who buy the paper. The method of selection will vary from editor to editor, but there are several characteristics that an item should possess before it can be classified as news.

1. Proximity.—The item should be closely related to the readers in some respect. If it is an article that is not going to affect the people of Your City, U.S.A., the editor will not be so interested in using it.

2. Timeliness.—The editor is interested in receiving information concerning events that have just happened or are about to happen. If the event occurred last month, or even last week, it is probably no longer news.

3. Uniqueness.—People are interested in reading about events which are unusual and distinctive.

4. Prominence.—If the editor has a limited amount of space to use, he must evaluate a particular news item in relation to other items in terms of its importance.

Releasing News Items

A story should be released as soon as information is available and while it is still news. The value of most news items deteriorates with time.

Information concerning a coming event should be given to the press in advance of its occurrence. The editor may then print it at an opportune time or when space is available. It often is undesirable, however, to release all of the information at one time, for one feature article is generally of less value than a series of shorter articles spread over an interval of several days. The oftener an item concerning an event appears in a newspaper, the better chance it has of being seen by a number of people. Also, if information appears but once, the story is apt to be forgotten by the time the event takes place. In keeping with this philosophy, a pattern to follow in releasing news for a series of evangelistic services

is suggested. The first story, released approximately three weeks in advance, might reveal that there is to be an evangelistic campaign and that a certain speaker has been selected. The second story, one week later, could give information concerning the personal workers and the special music planned for the revival. The third release, one week before the series, might be a story, accompanied by a picture, featuring the guest speaker. Then, the final advance story, perhaps the day before the meetings begin, should offer something new in the lead paragraph and follow with a brief recapitulation of the previous releases. Then during the revival, items should be released from time to time telling what happened last night or what is to occur on a particular evening. For example, if one evening is to be "Bring-Your-Neighbor Night," a release should be prepared telling about it, which should be followed by a story telling what happened. The releases should not be long with the intention of using up a lot of space; rather, they should be brief, descriptive, and aimed at creating interest.

Follow-up stories should be submitted promptly. The telephone is especially appropriate for this type of reporting.

Composition of a News Release

The first paragraph is probably the most important part of the entire article. If it does not capture the interest of the reader, the rest of the story may not be read even though it is well written and contains much interesting information. Most writers list five essential items that should be included in the first paragraph. In addition to the "who," "what," "where," "when," and "why" of the story, one publicity man suggests including the "how." If these elements are included in the first paragraph, the reader gets the most important part of the story even though he reads no further. In order to lead the reader further into the paragraph, begin with the most unusual of these elements or the one that is of the greatest interest to people in general.

The remainder of the story should supply the detailed information. An interesting comparison can be made between the composition of a sermon and a newspaper article. Whereas a sermon begins with the less important content and leads up to a climax, the newspaper article reaches the climax with

the first paragraph and each paragraph thereafter becomes less important. This is done for two reasons. First, if the reader stops before he reaches the end of the article, he has received the most important information. Second, if the editor wishes to reduce the size of the article, he can cut as many paragraphs from the end of the story as is necessary without appreciably affecting the value of the article.

In general, only one major idea should be incorporated in an article. If several items of note have occurred, it is usually desirable to report them separately. This will not happen very often, however, if news is submitted promptly.

Information concerning the regular Sunday services is one of the more common types of releases. The most important elements to include are the sermon subject or idea, special music, and time of services. It is believed that the mentioning of sermon titles and special music attracts more attention than an unchanging notice.

Style of Writing

An article written in the same general style used by the editor of the newspaper probably stands a better chance of being printed than copy employing a different style, for it ordinarily will require less time for revision. In order to discover the form in which news is generally printed, each part of the paper should be carefully studied. Original manuscripts should be compared with printed copy to find changes that have been made. These findings should be carefully noted for future reference.

A paragraph should begin with live or interesting words which will catch the attention of the reader. Words such as "the," "a," "it," and "there" should be avoided at the beginning of a paragraph, and important or unusual words should not be used twice in the same sentence.

An article should be interesting. The idea is not to build a large scrapbook containing clippings of many printed columns, but to create interest in the church. If this objective is to be achieved, the activities of the church must be made to appear inviting and interesting. Of course, each article should be written with complete sincerity and should not make implications that are hard to justify under the existing program of the church; however, if the church is progres-

sive, friendly, and fun for those who participate in its activities, the news articles should carry that impression to the readers of the newspaper.

Mechanics of Writing

A manuscript which is neat, easy to read, and in good form ordinarily will merit more consideration than one that is unorganized, inaccurate, and illegible. The following list of instructions might be used in preparing copy unless different directions have been given for a particular situation.

1. Type the manuscript.—Manuscripts generally should be typewritten. Handwriting is more difficult to read and may result in more errors.

2. Use double spacing.—If the material is double or triple spaced, corrections can easily be inserted on the original copy.

3. Use good paper.—Good paper costs little more than inferior paper, but it is easier to work with and will stand more abuse.

4. Keep carbon copies.—Carbon copies serve two important functions. First, if the newspaper makes an error in printing a story, a carbon copy may help to clarify the situation. Second, a carbon copy affords a basis for comparing the story as written with the story as printed so that the editor's pattern or style of writing can be more easily observed. This is a good way to learn how stories should be written.

5. Provide generous margins.—One third to one half of the first page should be left blank so that there will be plenty of space for the insertion of the headline and the revision of the initial sentence in case the editor decides to recast it. Side and bottom margins of one and one-half inches will provide space for notations.

6. Include identification.—Newspapers do not want information turned in anonymously. In the case of a possible libel suit or if additional information should be desired, the name of the contributor is essential. Each page should be numbered, and the name of the person submitting the article, along with his address and telephone number, should be at the top of each page so that the story can be readily assembled if the pages should become separated.

7. Be accurate and complete.—The article should be carefully checked for accuracy and completeness. People are often annoyed when their names are spelled incorrectly. Initials and first names should be used; for example, Mrs. James A. Turner is more appropriate than Mrs. Turner. There might be more than one Mrs. Turner in the church or the community.

8. Arrange for cropping.—The least important paragraphs should be written last so that the editor can reduce the length of the story without appreciably affecting the content.

Techniques for Getting Space

Occasionally it may be the opinion of the congregation that, its activities have not been receiving adequate attention in the newspapers. If the situation is analyzed, the cause probably will be within the functioning of the church rather than in the operation of the newspaper. As an aid to calling attention to the work of the church and obtaining more space in the newspaper, the following suggestions are made.

1. Study the newspaper.—If the newspaper is studied regularly, it probably will reveal that there are fewer news items on certain days of the week. It is possible that stories submitted on those days may have a better chance to be printed. Also, careful reading will help the reader to know what the editor considers news.

2. Advertise regularly.—(Provided advertising is an agreed policy among various congregations of a community.) If regular advertisements are placed in the newspaper, the editor may be somewhat more inclined to use news items.

3. Relate to events and people.—A story that would not be considered news by itself may merit attention if it is related to a coming event, an important person, or a community issue.

4. Collect information for feature and human-interest stories.—The church reporter must be alert to detect possible stories in seemingly unlikely places. For example, a Negro youth's living in the pastor's home might be the source of an outstanding feature article discussing community attitudes, unavailability of public facilities for a minority group, and the conflicts involved.

5. Use photographs.—People like to look at pictures; as a result, editors may be interested in publishing a picture of an event when they would not be interested in a news story. It is not always necessary to include an article with a photograph, for the picture with a suitable caption tells its own story.

The choice of pictures is important. Avoid timeworn, traditional poses. Make use of normally appealing subjects. It is believed that an action picture has more news value than a posed picture related to the same event. Unless a picture is clear, it will not turn out well when published.

The expense in connection with publishing a picture is greater than for printing a story because of the engraving involved so an editor may choose not to use a photograph for that reason. If that should be the case, it would be appropriate for the church to share the engraving costs. In most cases the three to ten dollars added cost could be expected to be worth far more than the same amount spent for an advertisement. The engraving cost, however, is no longer such a barrier for many newspapers with the advent of the Fairchild process.

Advice to Ministers

In their personal dealings with newspapers, ministers can benefit by observing the following suggestions:

1. Even though the church has a committee chairman who submits all releases for the church, it is desirable for the minister to develop satisfactory relations with the press.

2. The minister should have readily available a biographical sketch to be used in connection with speaking engagements and participation in community activities. In general this statement should contain such information as the minister's full name, place of birth, names of children, whom he married, where he went to school, degrees earned, books that he has written, magazines in which his articles have appeared, length of time in lecture field, some of his outstanding achievements, honors received, and the pastorates he has held.

3. If the practice of the paper is to publish letters to the editor, the minister should not hesitate to use this as a means of developing good relations. For example, the minister may start a letter in this manner: "We have been in this com-

munity for one year, and we should like to express to you and to the whole community our thanks for receiving us in such a fine way." The remainder of the letter could be devoted to summarizing events that occurred during the past year or naming some of the goals for the future.

4. The minister should have a fairly recent zinc engraving of himself on hand. It is hardly fair to a prospective audience to have publicity material distributed showing a picture of the minister taken five to twenty years earlier.

The same cut is not generally suitable for use in printing on smooth surfaces and in newspapers. For example, a cut prepared to print a picture on a slick card or poster will not produce a clear picture in a newspaper. As a result, the engraver should be informed concerning the intended use of the cut.

It is ordinarily considered advisable for a minister to have several matrices or "mats" prepared from the zinc cut. The "mats" cost only a few cents each and produce as satisfactory a picture as the original engraving. Then, instead of mailing the cut to a distant place with the prospect of not having it returned, the minister can send an inexpensive matrix to be used for publicity purposes.

5. The minister should make use of the directory of newspapers and periodicals, available in most newspaper offices, to learn whether he should send a cut, a matrix, or a glossy print to the newspaper in a distant location where he will be speaking.

Newspaper Advertising

The church may utilize the services of the newspapers by paying for space in addition to receiving free publicity in the newspapers through free news releases. Advertising space is purchased by the column inch. A column inch, for example, is one column wide and one inch deep. Most newspapers maintain special advertising rates for churches, which are somewhat less expensive than the prevailing commercial rates.

Several short advertisements are usually more effective than one large advertisement. This means, for example, that if a church has the choice of purchasing one large advertise-

ment for \$20.00 or four small advertisements for the same amount, the four small advertisements should be selected. Advertisements should be spread fairly evenly throughout the year. A limited budget for advertising can be used to the best advantage by using regular small advertisements rather than by making one large splash, which may soon be forgotten.

Certain sections of a newspaper are seen by more people than other sections. If a choice is possible, the church should request to have its advertisement run on the social page, the cover page of a section, or the back page. Some people feel that for certain events the advertisement should be placed on the same page with advertisements for amusements. They feel that the church is forced to compete for the people's time.

The church may wonder why it should pay for advertising when so much free space is available through news releases. Two reasons are suggested. First, if a church places a regular advertisement, the newspaper may be more willing to continue to make free space available. Second, an advertisement can be placed in the paper to give the impression that the event is of special importance. When an advertisement is placed in the newspaper, the representative from the church should leave the same information in the editorial room as the basis for a news item.

Ordinarily an attempt should be made to keep the amount of print in an advertisement at a minimum. The emphasis should be upon making the advertisement appear unique and interesting, rather than upon seeing how many words can be crowded into a limited amount of space. An advertisement should contain such essential information as the name of the church, its location, and the time of the event.

OTHER SOURCES OF PUBLICITY

Phone Directory

A church should have its name listed in the classified section of the phone directory. This practice helps the person without a church affiliation to reach a pastor in time of need, and it enables strangers in the city to find a church of their choice.

Radio

The radio is used as a means of publicity by many churches. In order to take advantage of this medium, the pastor should interview the program director and become informed concerning the policies of the local radio stations in connection with broadcasting church programs. Church programs are either sponsored or on a sustaining basis. If a program is sponsored, the radio time is paid for by the sponsoring church. If it is a sustaining broadcast, the time is contributed as a public service. Even though time is not contributed for an entire program, it is customary in many localities to make free spot announcements in connection with revivals, special meetings, or regular services.

The radio program should be broadcast at a suitable time in order to reach a large audience. It has been established through radio surveys that various members of the family tend to listen to the radio at different times. The program manager should be consulted for his opinion regarding the most suitable time for broadcasting a particular church program.

A few local congregations are able to produce excellent programs, but it requires money, time, and talent. A local congregation that desires to produce a radio program but is uncertain regarding available time and talent should consider sponsoring a program produced by a national church agency. The Christian Brotherhood Hour, for example, is produced on a professional basis with the use of some of the best talent available within the sponsoring religious body. At the end of each broadcast, time is allowed for a local announcement to be blended in with the program's background music.

Parish Papers

A parish paper may be used to publicize the work of the church. To increase interest in its contents, it should include: as many names as possible; illustrations; pictures; reports from each group within the church; excerpts from letters written by men in the service, students at college, and missionaries; letters of commendation and criticism provided that they are signed; short articles written by members; reports on giving; a list of people sick or in the hospital; reports on

building and equipment improvements; achievements of individual members that deserve recognition such as election to public office or an award for community service; and the like.

In order to keep mailing costs at a minimum, the local postmaster should be consulted concerning methods that may be employed to mail duplicated or printed material.

Prayer Cards

Some organizations distribute attractively printed cards containing a prayer of thanks and the name of the contributing organization which are to be placed upon tables at restaurants and hotels during special seasons of the year such as Thanksgiving, Christmas, or Easter. There is some question in the writer's mind concerning the use of this technique. A proprietor may feel that he is being pressured into abetting competition between churches.

Miscellaneous Sources

The possibilities for publicity are limited mainly by the imagination of the people planning the publicity. In addition to the avenues already described, the church has access to the following:

1. Tracts containing name and location of the church
2. Chimes played at appropriate times
3. Display cards in busses, taxis, and store windows
4. Posters and billboards
5. Visiting cards
6. Brochures and booklets
7. Television
8. Lights playing on the church or lawn signs
9. Bulletin boards
10. Direct mail
11. Signs

PARTICIPATION WITHIN THE COMMUNITY

Ministerial Groups

A minister can broaden his outlook, increase his opportunities for service, and increase his congregation's stature in the community for his congregation by participating in the local ministerial assembly. Such membership should in no way be interpreted as the minister's endorsement of all of

the activities of (1) the ministerial assembly or (2) the churches represented by other ministers; instead, it should reflect his desire to support an agency in the community that unites the efforts of most churches.

Service Clubs

The minister as a member of a local service club can frequently clarify the position of the local congregation on pertinent social or civic issues by his manner of participation in the activities of the club. In addition, he should accept invitations to appear on the program of such organizations.

Civic and Community Projects

The minister should participate in as many projects as he can find time to do so provided that they are of value to the community and fit in with his total ministry.

Interpersonal Relationships

The minister should be a good neighbor. He should take a personal interest in the people who live near him. A minister's actions may be more effective than his sermons and may be the subject of more conversations.

The minister should seek to be impartial in his personal business transactions. As far as possible, he should patronize a number of merchants and develop their friendship.

Finding Employment for Others

Indirectly related to public relations is the situation in which the minister finds himself when he takes on the responsibility for helping an individual to secure employment. The minister should be aware that he may unfavorably affect his influence with employers in the community if they employ individuals at his request who later do not measure up to his recommendations. Even though there is risk involved, ministers do try to assist needy families or to keep young people in the congregation by helping to find places of employment. They feel that this is a part of the minister's work and that he cannot avoid all risks. A minister, however, should assume some responsibility to the employer and should counsel with the people who have been employed through his efforts so that they will prove to be desirable employees.

Chapter 14

Legal Problems

Just as the minister expects people to consult him relative to affairs of a spiritual or moral nature, he should find it natural to seek the advice of a lawyer when he is involved in problems having legal implications. Either through experience or training the minister has become a specialist in dealing with a particular kind of problem. Others might be able to handle the situation, but their efforts might only complicate the case making his work more difficult. The lawyer is faced with this same type of experience. Often people come to him only as a last resort. If his advice had been sought at the outset, the problem might have been avoided or its solution less difficult.

The minister can avoid many legal entanglements, but he should not rely solely upon his knowledge of law in order to do so unless he has considerable legal training. A few ministers may have studied business law in high school, college, or through a correspondence school. Such a man is fortunate, but he should not consider himself competent in legal matters. Almost all such law courses are designed to help the individual be aware of the legal implications of a situation and realize the need for seeking the services of a lawyer instead of preparing him to handle it himself. Although a few answers are suggested in this chapter relative to matters with legal implications, it is not recommended that the minister act upon them without legal counsel.

SECURING THE SERVICES OF AN ATTORNEY

The minister should become acquainted with members of the legal profession so that in the event that he or a member of his congregation needs assistance, he can refer the matter to a person who is qualified to deal with it. The process of

getting acquainted should not be postponed until an emergency arises and then initiated through an examination of the classified section of the telephone book. Several suggestions relating to this problem are mentioned later in the chapter.

The choice of an attorney for a particular case may be a difficult problem. In addition to considering the fee to be paid, attention should be given to the prospective attorney's experience, preparation, and specialty. For example, it is customary for an attorney to specialize in a particular field of law such as estates, real estate, damage suits, or criminal cases. Upon occasion a specialist can be of greater value than an attorney who has a general practice.

One source of information relating to the background of attorneys is the Martindale-Hubbell law directory. Although detailed information concerning character is not included, it may contain information relative to an attorney's education, experience, specialized field of practice, and professional reputation in terms of successful practice. This is not a complete picture of the man. It does not reveal how much time he will give to the case, but it is a fair indication. The bailiff of a county court would be the logical person to ask for assistance in using the directory; however, probably any law firm that has such a directory would make it available to a minister.

A minister can frequently get advice from a judge. Although the judge would not be willing to discuss the subject matter of a case or recommend a particular attorney, he probably would be willing to help the minister understand the qualifications of different attorneys.

The facilities of a community-minded organization might be utilized in some instances. For example, through financial and personal relations, the minister might develop strong rapport between himself and bank personnel. If a problem arises with which the bank might help, the minister could go to the appropriate person on the staff for advice. This individual might call in the bank's attorney for advice on the problem or suggest the appropriate people to consult. This approach to a problem is especially appropriate when attempting to help people who have limited income.

A minister can gain helpful information about specific at-

torneys by reading about them in the newspapers, observing them in courts, seeking the opinions of those who know them, and the like. One minister makes a point of developing an acquaintance with such professional people as bankers and lawyers with the intent of making referrals to them when the need presents itself. He approaches the matter by saying something like this: "Bill, I'm going to refer some of my people to you. They are going to be Christian people, and I would appreciate it if you would give them your personal attention." Then, when a case arises he calls the attorney and tells him: "I've talked with Mrs. Jones here, and she seems to need some legal advice in regard to her marriage. I wish that you would make an appointment with her. She will be able to pay your regular fees, and I hope that you will be able to handle her case." The usual response is, "Mr. Smith, we shall be glad to arrange an interview with her."

SITUATIONS REQUIRING LEGAL INFORMATION

The minister may feel capable of handling some of the situations discussed in the remainder of this chapter, but he should not hesitate to consult an attorney when he is faced with legal problems with which he is not familiar.

The Minister as an Agent of the Church

The minister should have a clear understanding of his legal position in the congregation. He may have certain prerogatives by virtue of his office such as being an ex-officio member of all committees and the spiritual leader of the church; however, in other areas his powers are quite limited. For example, the minister does not have an implied right to conduct the business of the church. The power to act on certain matters of business for the church may be expressly granted by the bylaws or delegated to him by the board of trustees, but in the absence of such expressed authority, his actions are not binding upon the congregation. This means, then, that a minister who purchases merchandise or makes a contract without being authorized to do so may be held personally responsible for making payment.

A minister who is a member of the board of trustees, either through election or by virtue of his office, has no more

authority than any other member of the board unless such authority is expressly given. He is not authorized to act for the board without its approval.

Even where he is expressly authorized to conduct business for the church, the minister should use great discretion in such matters. For example, more than one minister has held church property in his own name and has exposed himself to criticism and distrust. It may have been intended as a perfectly innocent arrangement in order to facilitate the obtaining of a loan, but it did not have that appearance to those who were not in complete agreement with the minister. In general, it is considered unwise for a minister to hold property for the church. It might be taken by the minister's heirs or by creditors as payment for the minister's personal obligations.

The Minister as an Agent for Others

The minister may act as an agent for individuals in a number of ways. For example, some ministers have felt obligated to act in the interest of men who have been inducted into the United States Army. Often they have been authorized so to act under a power of attorney. (A power of attorney is a written agreement which authorizes one person to act for another as effectively as though the person were present.) As long as the minister has been properly authorized to act for another, he has a legal right to do so. If it is clearly understood that he is acting as an authorized agent, he cannot be held financially responsible for his acts provided that he has not attempted to defraud an innocent third party. Even though the acts of the minister agent prove to be unsatisfactory to his principal, the principal is legally required to meet the conditions. If the minister acts in accordance with the authority granted unto him and uses reasonable judgment, he cannot be held responsible by his principal even though loss has resulted.

Although it is possible to act for others without incurring financial or legal liability, the minister is urged to look upon such activities with great caution. In the event that the minister acts for one of his parishioners with unsatisfactory or adverse results, a vital spiritual relationship may be severed. If the minister stands to gain financially through such

dealings, his efforts may be looked upon with suspicion and mistrust by individuals who had no connection with the transaction. It is possible, too, that the minister may innocently become involved in a situation which will bring ill will upon himself and his congregation. It would appear that any minister who agrees to act under a power of attorney should rely upon the advice of an attorney.

Escrow Agreements

An escrow agreement arises when a third party holds property in trust for a designated period of time or until a specific event has occurred. This type of situation occurs most commonly in real estate transactions. For example, the seller may submit the deed to the property being sold to a bank to be held in escrow until the buyer has complied with the terms of the purchase agreement.

An escrow agreement may be entered into by two individuals who may distrust each other. In such a case, it is possible that a minister or a representative of the church may be requested to hold the property involved. The minister is cautioned against participation in transactions of this nature. If an escrow agreement is necessary, elements of distrust or ill will may be present. If subsequent events complicate the situation and result in a dissatisfied party to the transaction, the minister may find himself in very unpleasant circumstances.

Entering into Contracts

A contract is any legally enforceable agreement between two or more parties. In general, an oral contract is as binding as a written one, but inasmuch as it is more informal, it may be more difficult to substantiate and enforce. With this descriptive information in mind, it is readily apparent that a church cannot operate without entering into contracts. The same is true for the minister or any individual. Contracts result when agreements are made for the services of a pastor, architect, accountant, attorney, or employee; the purchase of food, clothing, furniture, equipment, or material; or the acquisition of land.

Only those individuals who are authorized to act as its agent should enter into contracts on behalf of a church. It

is the responsibility of the agent to inform the individual with whom he is dealing that he is acting as an agent and not for himself. If he fails to state his position clearly, he may be held personally responsible for complying with the terms of the contract.

Any contract for the purchase of real estate or describing a transaction which is not to be completed within a year must be in writing in order to be legally binding. In general, the contract for the purchase of personal property need not be in writing provided that either party to the transaction makes partial performance; that is, a down payment or a delivery of part of the merchandise will cause the contract to be effective even though the purchase price is more than \$50.00, which would otherwise require the contract to be in writing in most states.

Although it is not required by law, a contract that is considered of relatively great importance by the parties involved, or which is at all complicated, should be in writing. Even though the agreement is between friends, the original terms of an oral contract may not be remembered. This potential source of misinterpretation or conflict can be eliminated through the execution of a written agreement. Written contracts are subject to different interpretations if they are not carefully worded; consequently, it is usually a sound practice to have the contract drafted by an attorney.

The agreement between a minister and a congregation should be clearly understood by both parties. Although it is not customary to prepare a written contract, the terms of the minister's call should be clearly set forth in the minutes of the board of trustees and in a letter to the minister. In addition to the amount of the salary, the agreement should clarify such items as vacations; permission to lead evangelistic campaigns away from home and the number allowed each year; attendance at conventions, ministers' meetings, and conferences; payment of utilities; pension provisions, if any; and similar items.

An individual charged with the responsibility for signing contracts should:

1. Read the agreement—even the fine print. An individual's signature on a contract is constituted as evidence that it has

been read. Ignorance of a contract's contents cannot be offered as the basis for failing to comply.

2. Examine the agreement for completeness. Oral evidence cannot be offered as the basis for changing the terms of a contract. If the salesman, for example, indicated that a piece of equipment carried a guarantee for a period of one year and that it would be serviced without charge during that interval of time, those terms should be made a part of the contract.

3. Consult an attorney if in doubt. It is not safe to rely upon the advice or the information supplied by a salesman. He may insist that requiring a signature is just a matter of record, but it might turn out to be the completion of a rather rigid contract.

4. Consider other alternatives before completing the agreement. For example, a repairman from a furnace company may after dismantling a furnace state that it is beyond repair. His statement may be based upon the desire to sell a new furnace rather than upon the truth. Even though a new furnace is required and the repairman magnanimously offers to offset the cost of dismantling the old furnace and several other costs against the purchase price of a new furnace, no papers should be signed without first getting estimates from several competing companies.

Tax Exemption

Property taxes.—Property used exclusively for worship purposes is exempt from property taxes in each of the states. Several states, however, have limitations on the maximum valuation, acreage, or both that may be exempted. If part of the building is used for secular purposes such as to house a parochial school or to provide an apartment for the custodian, it may be exempt in full, in part, or not at all depending upon the law in the state in which the building is located. This feature is worth taking into consideration when planning a building. The opportunity to exempt property from taxation is not an implied right; it is a privilege granted expressly either by the state constitution or the state legislature.

A number of states exclude a parsonage owned by the church from property taxation provided that it is not being

used for rental purposes. This is one reason why a church might furnish a house for a pastor rather than provide him with a rental allowance. Some states do not have laws exempting the parsonage from taxation. Others limit the amount of the exemption.

Each year an official representative from the congregation should make sure that the church property is listed for tax exemption purposes. If the state requires an annual application, care must be exercised so that the request is filed on time; which, for example, is before the first of March in Indiana.

The procedure for filing for property tax exemption is quite simple and can be completed in a few minutes at the appropriate county office. The services of an attorney are not required to complete the process. It would be advisable, however, to seek legal counsel in order to have the tax status of a particular church clarified. This information should be made a matter of record so that an attorney should not need to be consulted each year.

Entertainment taxes.—The law provides that churches shall be exempt from the admissions tax levied on proceeds of entertainments where admissions are charged.

Special assessments.—Special assessments on property, as a rule, are in the nature of a charge for services rendered for such items as installation of sewers or gutters. These usually represent improvements to the property and are not subject to exemption.

Wills

The minister and other church leaders should be familiar with the preparation and administration of wills. He should not claim to be an expert on wills. Instead, he should suggest that his parishioners consult an attorney whenever they need assistance in such matters. However, in an emergency situation such as when a man is dying intestate and wants to make a will and an attorney is not available, the minister might be the only person capable of complying with the man's request. In view of the nature of the minister's profession, these emergencies do develop rather frequently. Many states provide that an oral will of a dying man making disposition of

personal property may be reduced to writing after his death by the witnesses.

The preparation of a will should be given prompt consideration. An individual should not wait for a convenient time. Death cannot be scheduled to meet one's convenience. If a man should die without having prepared a will, his survivors might suffer needless expense and inconvenience. The court would have to appoint an administrator to settle the affairs of the estate. The cost of the administrator's bond and expenses would probably consume between 5 and 10 per cent of the gross estate. Most of these expenses might have been avoided if a will had been prepared naming an executor who would have been willing to administer the estate without charge because of his personal relationship to the testator.¹

The law provides for the allocation of an estate among the legal heirs in case an individual dies intestate, without a will, but this might not be in accordance with an individual's wishes. Some states, for example, provide that the wife shall receive one third of the estate with the children receiving the remainder provided that there are two or more children. This might make it very difficult for a widow to use the funds of minor children in ways that would have been approved by her husband.

An aged couple might deed property to their children rather than prepare a will. This practice should be avoided. A deed passes title immediately. Once the transaction is completed it is too late to change one's mind. On the other hand, title does not pass under a will until the death of the testator. Changes can be made any time prior to the happening of this event.

Preparation of a Will

The body.—The body of the will should be clear and coherent. If the testator is able to express his wishes clearly, the exact wording is relatively unimportant. The opening statement, however, should: (1) identify the person preparing the will by giving his complete name and residence, (2) indicate that he is of sound mind, (3) state that he has proper use of his memory, and (4) revoke all previous wills, if any.

¹The person who administers an estate is known as an administrator if appointed by the court and as an executor if named in the will.

Important considerations, in addition to the identification information, are such items as: (1) directions concerning the payment of obligations, (2) method of allocating the estate among the heirs, (3) appointment of guardian for children, (4) designation of an executor, and (5) provision for bequests to charity or individuals who are not heirs.

As indicated earlier, it is desirable to have an attorney draft the will so that it will meet with the exact wishes of the testator. However, if it is not expedient or possible to consult an attorney, the following points should be considered.

First, it is normally satisfactory for either the husband or wife to will everything to the other. If the people are married and have children, a will of this nature should be made so that in the event of death the remaining person can manage the estate without having a guardian or trustee appointed.

Second, provision should be made for the disposition of the estate should husband and wife be deceased simultaneously.

Third, inclusive terms should be used such as: "I will and bequeath *all* of my estate including real and personal property to . . .," or "I will and bequeath to my son, John. . . . The *remainder* of my estate shall be divided. . . ." The use of inclusive language eliminates the need to itemize all of the property unless it is desired that individual heirs receive specific items.

Fourth, the executor should be a resident of the state in which the will is to be probated. He should be consulted before he is so named.

Fifth, a guardian should be appointed for minor children. A surviving spouse does not automatically become the guardian.

Sixth, the will must be dated and signed in the presence of witnesses.

Witnesses.—The law provides that a will, in general, must be witnessed in order to be valid. The number of witnesses varies from state to state. Louisiana, for example, requires five witnesses, but most states require two or three. Normally three witnesses will be adequate.

The witnesses to the will attest that the testator signed the will in their presence and that he was of sound mind

and memory when he did so. They do not need to know the contents of the will, but the testator and the witnesses must all sign in the presence of each other.

Factors to keep in mind in selecting witnesses include the following: (1) Preferably the witnesses should be younger than the testator. This is suggested so that the witnesses will be more likely to outlive the testator. (2) The witnesses should be of sound mind and reputable character and, if possible, have a permanent residence. (3) A witness should not be a relative or anyone who would void his rights under the will by signing as a witness. (4) The witness should be of legal age.

Storing the will.—A will should be stored in a safe place, which should be known by several trusted friends and neighbors. People should be cautioned not to leave their wills or deeds for cemetery lots in the safe deposit drawer of a bank. This drawer is sealed immediately upon death and is not released until a bank official and a government tax representative have gone over everything in it. This may take several days.

Changing a will.—Changes in a will are made by adding a codicil, which is a written statement indicating the desired changes. It must be signed by the testator and witnessed in the same manner as the original will. An attempt to change a portion of a will without adding a codicil voids the entire instrument.

A will should be reviewed periodically to determine whether changes should be made. A change might be suggested by such events as a birth, death, or marriage.

Serving as Executor

The minister may be requested to serve as an executor under a will. If so, he should seek the counsel of an attorney, for the duties of an executor are rather complex. Ordinarily the executor may be expected to perform the following functions:

1. Filing the will at the proper court.
2. Probating the will. This involves proving the will, defending it if it is contested, and administering the will.
3. Safeguarding assets. This includes collecting and re-

taining custody of valuables, important papers, and records; taking steps to prevent loss through deterioration of perishable items or through theft; arranging for insurance; and becoming familiar with the operation of the decedent's business.

4. Assembling assets.
5. Inventorying and appraising assets.
6. Disposing of assets.
7. Paying claims against the estate.
8. Paying taxes. This includes income taxes, personal property taxes, inheritance taxes, and estate taxes.
9. Keeping records.
10. Distributing the estate.
11. Rendering an account of the settlement of the estate.

Financial Problems

The minister may occasionally find a parishioner in the midst of a financial difficulty involving such matters as divorce, separate maintenance, eviction, or budget problems resulting from contracts that contain illegal or extremely severe terms. The parishioner should be guided to an attorney who will help him with these matters without charging excessive rates.

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